

9-1-1995

## Business Outlook, Vol. 12, No. 1, Fall 1995

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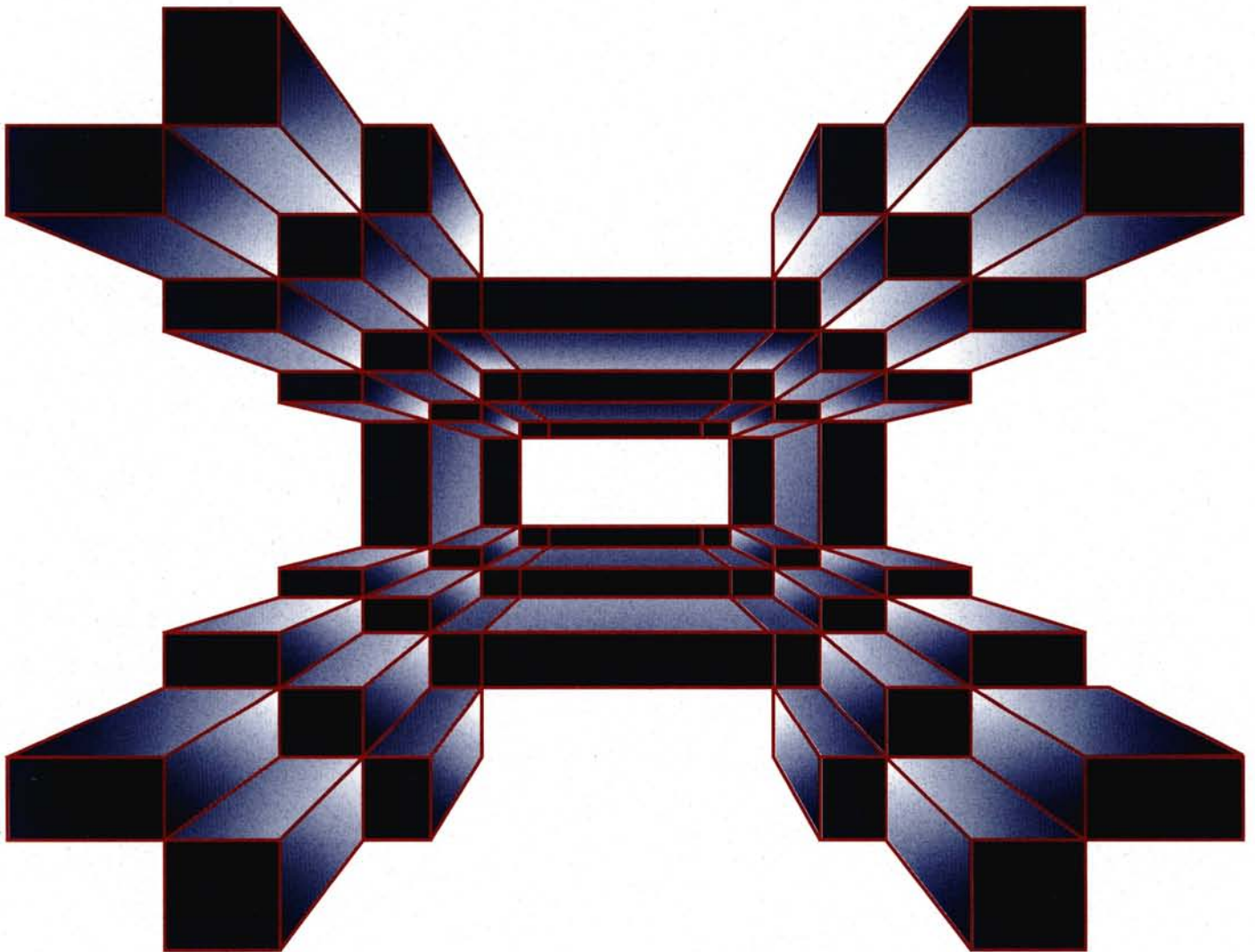
### Citation

W.E. Upjohn Institute. 1995. Business Outlook for West Michigan 12(1).  
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# BUSINESS OUTLOOK

## for West Michigan



# **W. E. UPJOHN INSTITUTE for Employment Research**

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*BUSINESS OUTLOOK for West Michigan* is published four times a year by the W. E. Upjohn Institute for Employment Research. The Institute, a non-profit research organization, is an activity of the W. E. Upjohn Unemployment Trustee Corporation, which was formed in 1932 for the purpose of carrying on "research into the causes and effects of unemployment and measures for the alleviation of unemployment."

# BUSINESS OUTLOOK for West Michigan

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Vol. XII, No. 1  
Fall 1995

W. E. UPJOHN INSTITUTE for Employment Research

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# WEST MICHIGAN VIEWPOINT

## Where Will the Jobs Come From?

Recent layoff notices have rocked the West Michigan economy. For example, Kellogg Company in Battle Creek, H.H. Cutler in Grand Rapids, James River Corporation in Kalamazoo, and Grumman-Olson in Sturgis have all announced major layoffs. Such announcements bring an air of uncertainty to the region's economy, despite its overall third-quarter unemployment rate of 4.3 percent.

The area's tight labor markets will ease the job search for many affected workers. Others with less transferable skills may suffer longer periods of unemployment. Moreover, many laid-off workers may face wage and benefit offers that fall short of their previous earnings.

For the rest of us, it can be difficult to see how the region will replace these lost jobs. Newspapers occasionally report hiring additional workers in the region, but these articles are fairly rare. Nevertheless, employment in West Michigan grew by 400 workers in the third quarter, and we forecast further employment gains in the near future. Gains are clearly offsetting the announced layoffs, but it is unclear where these jobs are coming from.

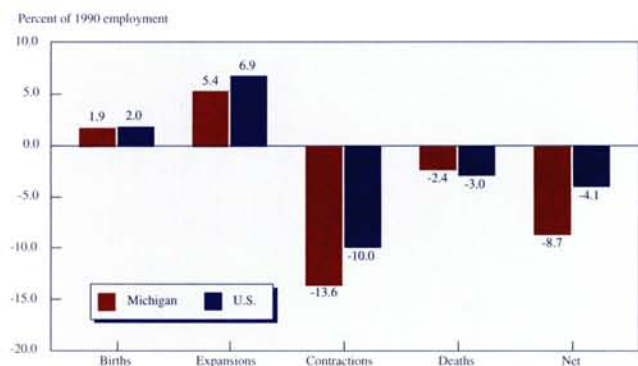
Jobs are gained or lost by establishments in four general ways: births—starting up or moving into the area; expansions—increasing their workforce; contractions—reducing their workforce; and deaths—closing or moving out of the region.

Recently released data for the 1990-1991 period offer a rare peek at these dynamic demand changes in the state relative to the nation. The economic environment in 1990 was harsh, with the nation just digging itself out of a recession. The state lost over 80,000 manufacturing jobs in 1990, while nationwide over 710,000 jobs were eliminated, on net, in manufacturing.<sup>1</sup> In 1990, Michigan workers represented 5.4 percent of the nation's manufacturing workforce, but suffered 11.3 percent of the net employment losses. Yet, manufacturers in the state were creating thousands of jobs through establishment births and expansions.

Over 50,200 jobs were created in Michigan due to expansions of existing firms during the 1990-1991 period, and an additional 17,500 jobs were created due to manufacturing firms starting up or moving into the state. Statewide, 67,700 jobs were created in just one year. Although Michigan is often criticized as being unfriendly to business, it is interesting to note that the percentage of employment created by births and moves into Michigan as a proportion of all manufacturing was nearly identical to the national percentage (see chart). Employment created by births and moves represented

1.9 percent of the state's total manufacturing workforce in 1990, compared to 2.0 percent nationwide. In addition, the death rate of manufacturing establishments in the state was even lower than the nation. Employment losses due to establishment deaths, which includes those that leave the state, accounted for only 2.4 percent of the state's 1990 employment compared to 3.0 percent nationwide.

### Manufacturing Employment Change, 1990-1991



SOURCE: Bureau of the Census.

NOTE: Excludes apparel, textiles, tobacco, and leather products.

The state lost ground relative to the nation in the performance of existing establishments. In percentage terms, expansions represented a smaller share of the state's total employment than nationwide and contractions accounted for a larger share.

These data support earlier research suggesting establishment births and deaths account for little of the change in employment growth. Earlier research also indicates that, on average, death rates do not vary greatly among states.<sup>2</sup>

In summary, the difference in the employment growth rates of states is mostly due to variations in the number of jobs gained or lost as a result of expansions or contractions. Firms are not moving to new locations, nor are area firms dying off in great numbers. During this time of headline layoffs, it is important to remember that many of the area manufacturers are quietly adding workers. Job creation occurs quite often at a rate of five jobs here, six jobs there. Job creation often does not attract the attention given to major lay-off announcements; however, this should never be taken to mean that it does not exist.

### NOTES

1. Apparel, textile, tobacco, and leather products are not included in the analysis.

2. Marie Howland, *Plant Closings and Workers Displacement: The Regional Issues*. Kalamazoo, MI: Upjohn Institute, 1988.

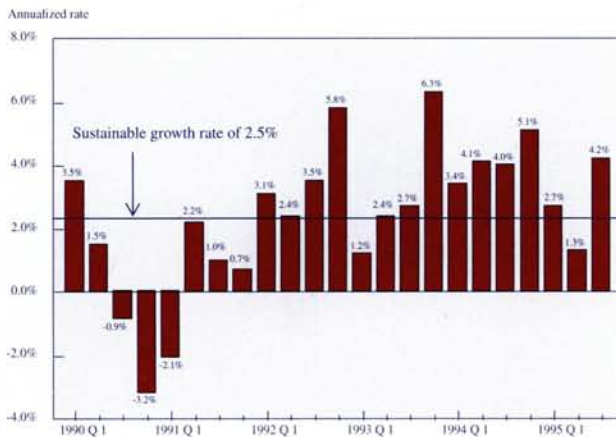


# NATIONAL ECONOMY

## OUTPUT

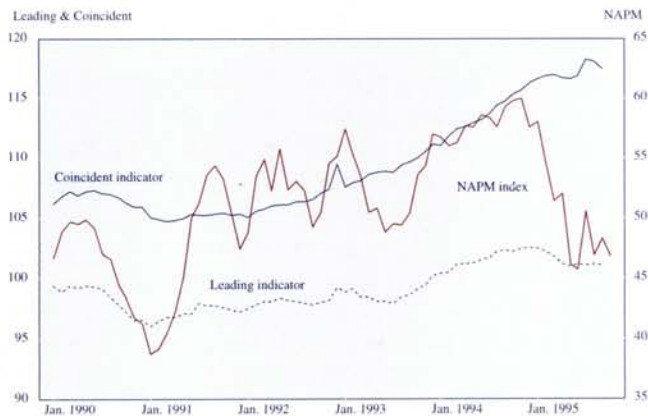
Gross Domestic Product (GDP) rose at a surprising 4.2 percent annual rate in the third quarter, more than doubling the previous quarter's annualized growth rate of 1.3 percent. Most economists had expected GDP to grow at a much slower annual pace of between 2.0 and 2.5 percent.

**Gross Domestic Product  
(seasonally adjusted)**



It is highly unlikely that the third-quarter jump will be repeated in the current fourth quarter, however. Modest employment increases and growing consumer indebtedness could dampen consumer spending during the fourth quarter. In addition, the Federal Reserve Board (Fed) is keeping the nation's money supply in check. Finally, indicators suggest that the nation's manufacturing sector is stagnating.

## Cyclical Economic Indicators



A reading above 50 on the NAPM Index indicates that the manufacturing economy is generally expanding.

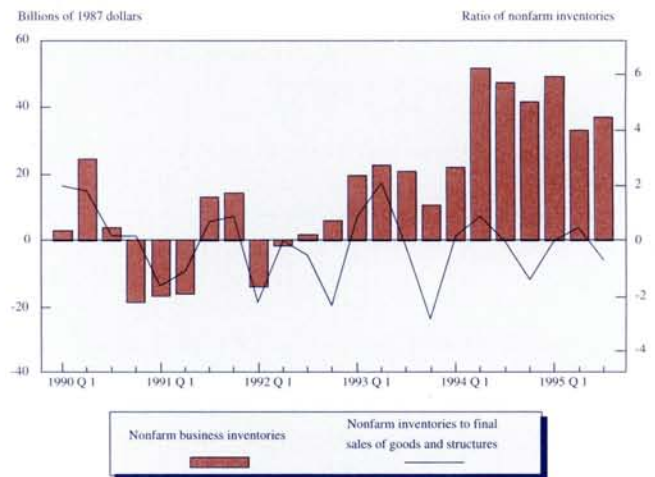
Still, the third-quarter performance was as broad-based as it was robust. Residential construction, an unusual increase

in federal spending, strong consumer spending on durable goods, and an active export sector all contributed to the quarter's outstanding performance. In particular, federal nondefense spending increased at a 10.2 percent annual rate.

Moreover, the powerful jump in output did not result in the stockpiling of unwanted goods. Inventories grew by about the same amount as in the previous quarter, with the relationship of inventories to final sales of goods and structures declining. As a result, the quarter's growth in final sales also grew at a 4.2 percent annual rate, up from a moderate 2.6 percent annual rate in the previous quarter.

Finally, the increase in output did not spill over into higher prices. Prices of final sales to domestic purchasers rose only at a 1.8 percent annual rate in the third quarter.

## Change in Nonfarm Business Inventories and Percent Change in the Ratio of Inventories to Final Sales of Goods and Structures



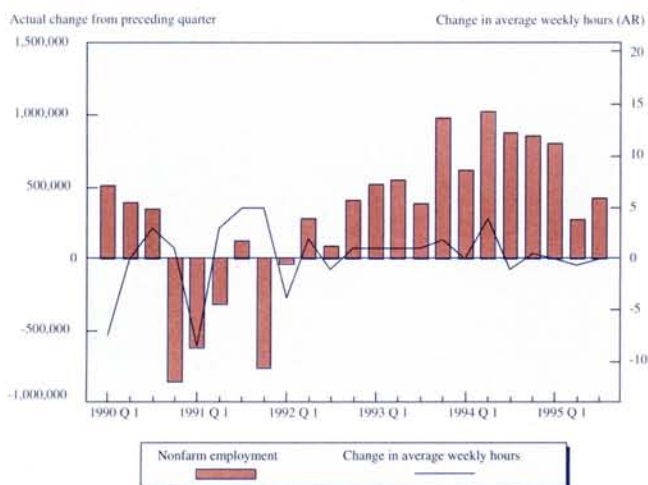
Nevertheless, other carefully watched indicators suggest that the output may slow in the coming months. Recent polling of the nation's purchasing managers by the National Association of Purchasing Management, indicates that the nation's manufacturers are cutting back production. In October, the Purchasing Managers' Index registered a reading of 46.8 percent, down from the September's Index reading of 48.3 in September. October was the fifth time in six months the reading was below 50, the level that suggests that the manufacturing sector is expanding. The survey also revealed that backlogs are shrinking, new orders are declining, and production is slowing. Moreover, the Index of Leading Indicators slipped 0.1 percent in September—the second decline in three months.



## LABOR MARKETS

The nation's low unemployment rate and recent employment gains have not pushed up employers' wage and benefit costs, to the surprise of many economists. In October, the national unemployment rate dropped to 5.5 percent, and employers created 116,000 jobs. During the third quarter, the nation's unemployment rate stood at 5.6 percent, and employers generated nearly 400,000 jobs. Yet, employers' labor costs (wages, salaries, and benefits) increased only a modest 2.7 percent during the 12-month period ending in September. The Consumer Price Index rose 2.5 percent during the same time period.

### Nonfarm Employment and Change in Average Weekly Hours



The seeming lack of upward pressures on wages and benefits suggests that the nation's natural or full-employment rate of unemployment has moved below 5.5 percent. The natural employment rate is the rate below which inflationary pressures will ignite, as companies are forced to offer higher wage and benefit packages to attract qualified workers. Continuous headlines reporting layoffs at major companies have made workers more hesitant in demanding higher salaries, while stiff international competition makes firms more stingy in offering higher wages.

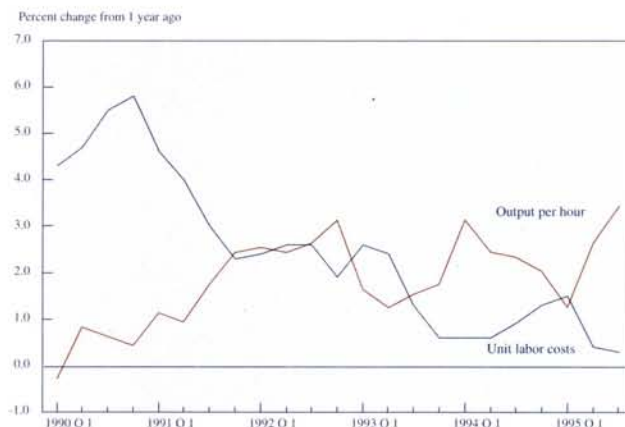
In the third quarter, productivity increased 3.4 percent from the third quarter last year, well above the annualized rate for the last four years, as companies continue to invest in capital equipment, especially computer and related products that streamline production processes.

The modest growth in employment costs coupled with the quarter's strong output growth caused unit labor costs to increase only at a 1.1 percent annual rate in the third quarter. Unit labor costs refer to the average labor cost per unit of output. Labor costs are up only 0.3 percent from last year, according to government reports.

Employment gains were distributed unevenly across industries, however. In manufacturing, 120,000 jobs were

eliminated in the third quarter. In October, a strike in the aircraft industry affecting 26,000 workers more than erased a small 5,000 increase in employment in other manufacturing sectors. Employment in retail and services rose by 88,000 and 299,000 jobs, respectively, in the third quarter.

### Productivity and Unit Labor Costs



In October, personnel supply services lost 16,000 workers, the first monthly decline in the industry's employment levels in over 12 months. This modest decrease, which indicates a decline in the use of temporary workers, coupled with a small 4.4 percent decline in overtime hours in manufacturing during the month, suggests a possible slowdown in labor demand.

### Unemployment Rates and Initial Claims



However, according to a survey completed by the American Management Association of just over 1,000 firms, businesses have slowed their rate of downsizing. In fact, the results of this year's survey indicated the lowest level of staff reduction recorded since the Association started the survey in 1991.

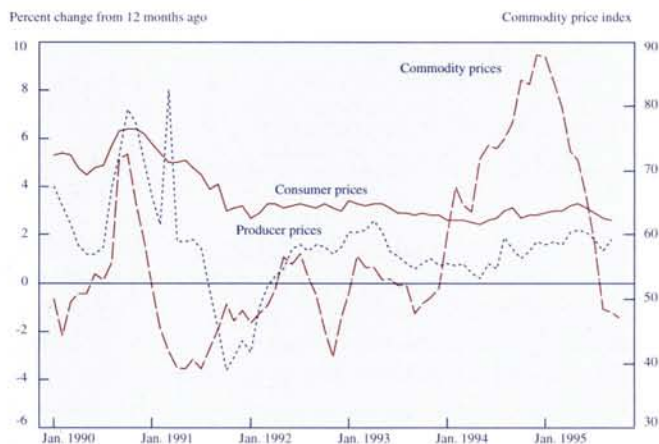
Finally, even with the nation's unemployment dropping to 5.5 percent, the jobless rate facing blacks remains stubbornly high. In fact, it rose from 10.4 percent to 11.2 percent during the quarter.



## INFLATION AND INTEREST RATES

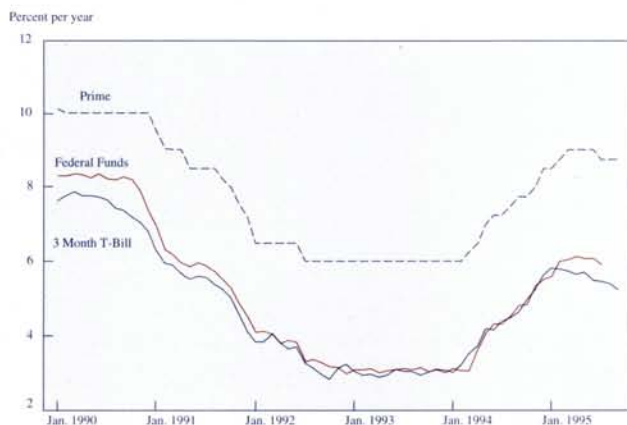
Traditionally, low unemployment and a surprise jump in output would trigger a rise in inflationary pressures; however, this does not appear to be the case in the current situation. Inflation as measured by the Consumer Price Index rose just 2.8 percent during the 12-month period ending in October. The Producer Price Index increased an even smaller 2.1 percent during the 12-month period, and the nation's purchasing managers are seeing declining commodity prices. Add in the surprisingly modest rise in wages and benefits and it becomes very difficult to see what could ignite inflationary fires.

### Price Indexes



Still the Fed is not ready to relax its hold on the money supply just yet. Moreover, the Fed's move in July to lower the federal funds rate, the rate of interest banks charge each other, to 5.75 percent, reflected a lag adjustment to previous declines in other short-term rates more than a step to stimulate the economy.

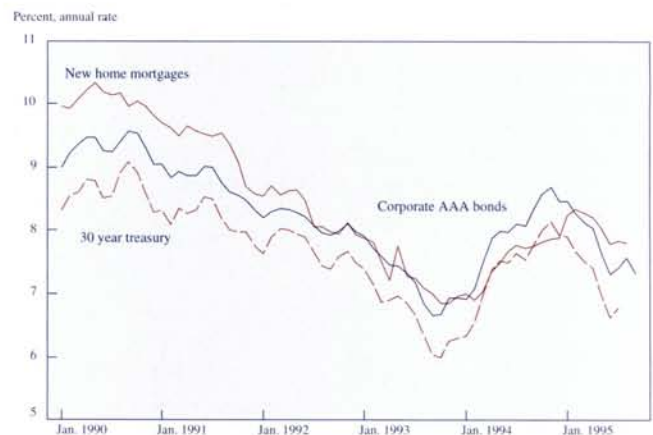
### Short-Term Capital Rates



The Fed's current conservative monetary stance is better viewed by examining the lack of growth in the nation's money supply. The monetary base, which constitutes currency and bank reserves, fell 0.5 percent in September. M1,

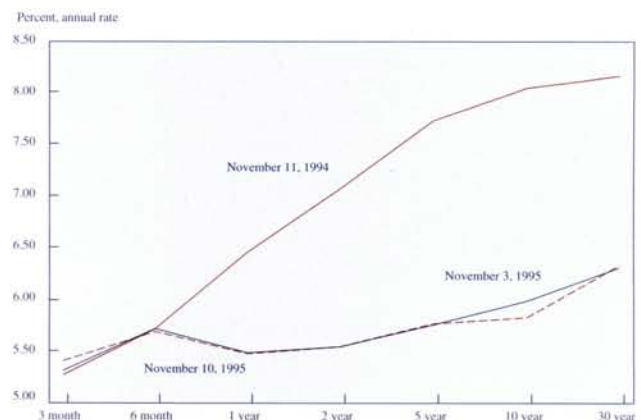
defined as money, currency, and checking accounts, fell 2.2 percent in September. By clamping down on the money supply, the Fed restricts loan activity, typically causing nominal short-term rates to increase and output growth to slow. Slow output growth eases bond investors' ever-present concerns about the economy overheating and prices rising.

### Long-Term Capital Rates



Indeed, long-term rates have fallen over the past year and short-term nominal rates are on the rise. In fact, the Fed's restrictive stance, coupled with modest consumer expectation of future inflation, has contributed to a dramatic flattening of the yield curve. Thirty-year bond rates have fallen from 8.0 percent to 6.2 percent over the past year.

### Yield Curves



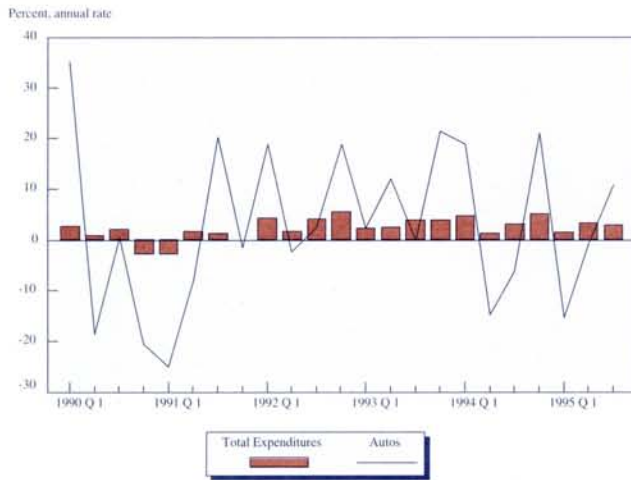
At the same time, short-term rates have increased and now stand approximately 3 percentage points above the CPI. In other words, real short-term interest rates are increasing.

While a flat yield curve reflects low inflationary expectations, it is also associated with the approach of an economic downturn. Yet, few economists are calling for a recession in 1996.

## CONSUMER SPENDING

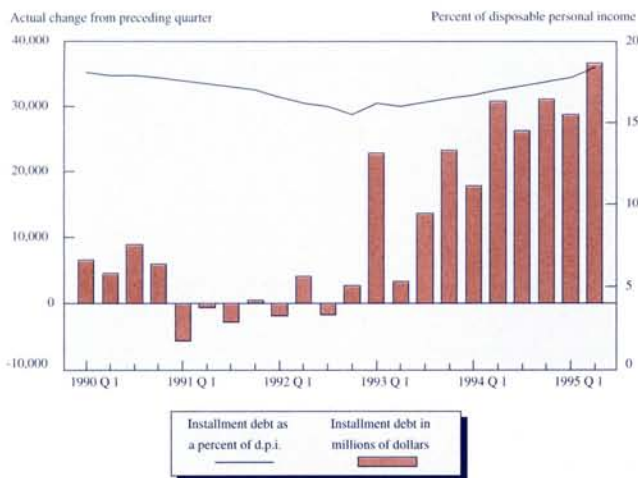
Consumer spending rose at a 2.9 percent annual rate in the third quarter, slightly down from the previous quarter's rate of 3.4 percent. The quarter's consumer spending was supported by a substantial 4.3 percent increase in disposable income for the quarter. Still, consumers seem uneasy, due in part to recurring reports about major companies continuing to downsize. In addition, many consumers may be approaching their debt ceilings.

**Growth in Consumer Spending**  
(seasonally adjusted)



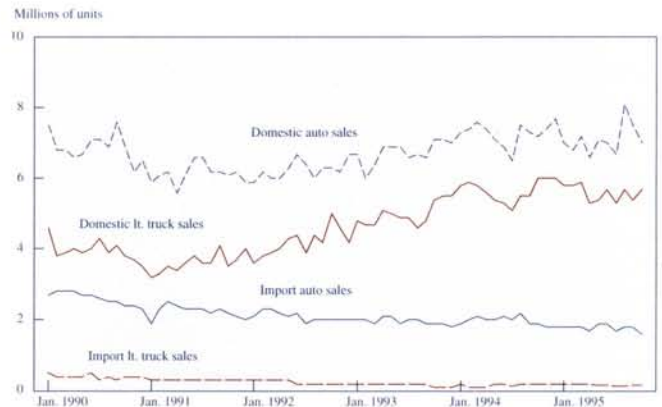
Consumer expenditures on durable goods rose at a robust 11.7 percent annual rate in the third quarter. Enticed by substantial discounting in the auto industry and lower interest rates, consumers were roaming the car lots and strolling in furniture and appliance stores. Expenditures on auto-related

**Consumer Debt**



products rose at a 10.7 percent annual rate in the quarter, and purchases of furniture and appliances soared at a 15.8 percent pace. Auto and light truck sales reached a 14.7 million annualized pace in the third quarter, up from a 14.3 million unit pace in the second quarter. However, October sales were back down to a 14.4 million unit annual rate.

**Motor Vehicle Sales**  
(average annual rates)



Consumer spending on nondurable goods, e.g., food and clothing, rose at a paltry 0.1 percent annual rate. Consumer expenditures on services rose at a moderate 2.2 percent rate.

Most analysts are currently predicting a lackluster Christmas. The recent rise in short-term rates could seriously dampen future durable goods purchases. In addition, recent layoffs, restructuring, and downsizing announcements have made many consumers more uncertain. More important, consumer installment credit now stands close to 19 percent of the average household income. Indeed, 400 shopping mall managers revealed in a recent survey by the International Council of Shopping Centers that they expect a 4 percent sales increase compared to 5.5 percent last year.

Finally, the latest survey of consumer confidence suggests that consumers are still generally confident about the current state of the economy. The Conference Board reading of consumer confidence stood at 97 in October, little changed from 97.3 in September.

The University of Michigan's latest outlook for consumption in 1996 indicates that consumer sentiment and expectations have remained unchanged during the first nine months of this year. Consumers are expecting interest rates to fall, supporting their recent positive shift in attitude toward buying a home and/or cars.



## INVESTMENT

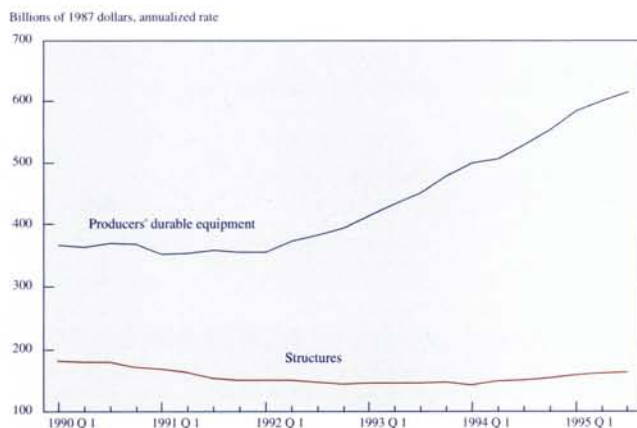
Businesses continue to invest in machines and equipment as spending on producers' durable equipment rose at a 9.7 percent annual rate in the third quarter. Spending on computers and other information processing equipment rose at a 16.2 percent annual rate, while investments in industrial machinery were up at just a 2.8 percent annual rate. Investment spending on transportation equipment was flat.

### New Residential, Commercial, and Industrial Construction (seasonally adjusted)



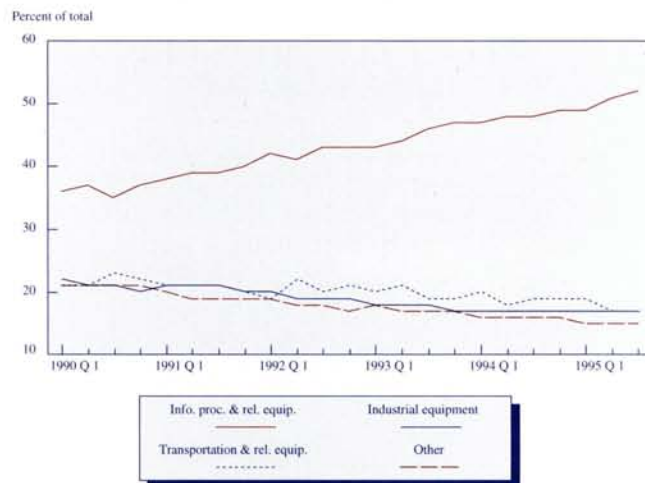
Nevertheless, the rate of business investment during the quarter was below that of earlier quarters and is correlated with the decline in capacity utilization. As of the second

### Plant and Equipment Expenditures (seasonally adjusted)



quarter, the capacity utilization rate of the nation's factories dropped to 83.1 percent from 84.7 percent the quarter before. Lower utilization rates may mean that business investment will become limited to replacing and/or upgrading existing equipment.

### Nonresidential Investment Composition in Producer Variables



Brick-and-mortar investment also slowed in the third quarter, as lower long-term interest rates seem not to provide a strong enough incentive to encourage investment in the face of falling demand. Investment spending on structures rose at a 3.5 percent annual rate in the quarter, down from its 9.0 percent annual pace in the second quarter.

While business investment growth decelerated, lower mortgage rates triggered new residential investment in the third quarter. Rates on 30-year fixed mortgages fell from 9.25 percent last December to a 20-month low of 7.38 percent in September. Partially as a result, overall residential investment rose at a 10.9 percent annual rate. However, spending on single-family residences rose just 5.9 percent, while investment spending in the smaller multiunit construction industry soared at a 25.9 percent rate. In September, housing starts grew at an annualized rate to 1.39 million.

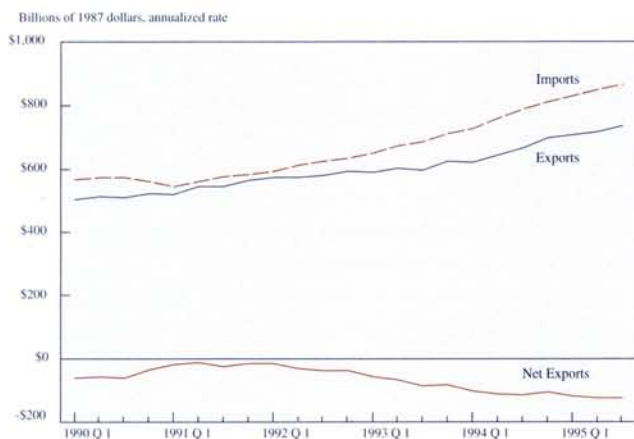
Lower mortgage rates have also encouraged the sales of existing homes, as sales edged up 0.7 percent in September to an annualized rate of 4.15 million. The month's increase was the fifth in a row.



## INTERNATIONAL TRADE

Exports are expected to be a driving force in the national economy in the coming months. However, the renewed strength of the dollar and sluggish economic growth among our major trading partners may limit its long-term growth.

### U.S. Trade in Goods and Services (seasonally adjusted)



Exports rose at a 10.6 percent annual rate in the third quarter. Merchandise exports increased at a 14.9 percent rate in the quarter, while services declined at a 3.4 percent rate. The jump in exports was highly concentrated in computer equipment, which soared at an 84.9 percent annual rate. Capital equipment excluding transportation equipment, aircraft, and computers rose at a 13.8 percent annual rate.

Imports grew at a lower 8.6 percent annual rate in the third quarter, reflecting a slight reduction in the nation's trade deficit in the quarter. The import of nonpetroleum products, increased at an even slower 7.9 percent annual average rate. Computers and peripheral equipment accounted for 17.4 percent of the third-quarter imports. Moreover, since most of the computers made in the U.S. for domestic and international customers contain foreign-made components, computer imports rose at a tremendous annual rate of 64.3 percent in the third quarter. Finally, as more and more foreign automakers locate production facilities in the United States, the volume of imported vehicles continues to

decline. The import of autos declined at a 17.4 percent annual rate in the third quarter.

### International Industrial Production (seasonally adjusted)



Unfortunately, the economies of Japan, Canada, and Mexico, three of our major trading partners, have stalled, limiting the sales growth potential of our exports. In

### Trade-Weighted Dollar



addition, the recent rise in the value of the dollar relative to most other currencies is both making our goods more expensive to potential foreign customers and lowering the cost to us of their imports. Since June, when the dollar stood at 85.6 yen, the dollar has increased in value by nearly 17 percent to a penny per yen.

# MICHIGAN ECONOMY

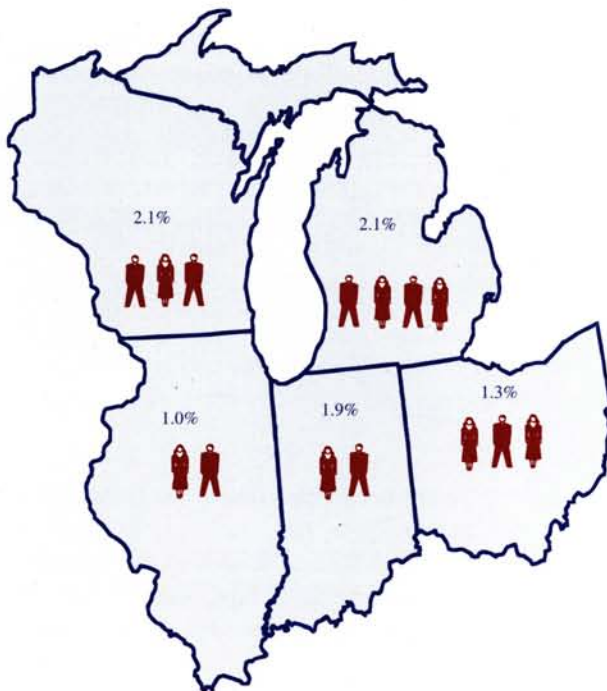
Statewide, employment fell 0.2 percent in the third quarter, due to a 1.0 percent decline in employment in the state's goods-producing sector. Economic indicators suggest that employment conditions will remain sluggish in the coming months.

Employment in the state's goods-producing sector fell 1.0 percent in the third quarter. Sluggish car sales and listless construction activity contributed to the quarter's negative performance. For the four-quarter period ending in the third quarter of 1995, employment in the production of transportation equipment fell 1.4 percent. Additional employment declines were recorded in the auto-related plastics and primary metals industries as well. Construction employment was off 0.5 percent in the third quarter.

## Percent Change in Total Employment August 1994 to August 1995



Each figure represents an employment addition of 20,000 workers



Employment in the state's larger private service-producing sector was up just 0.3 percent in the third quarter, as employment gains in the trade and financial sectors offset the employment declines in transportation and public utilities. Government employment was down 0.4 percent.

Still, Michigan retains the lead in job creation when compared to the other Great Lakes states. During the 12-month period ending in August of this year, Michigan employers created 87,400 new jobs, an increase of 2.1 percent. Michigan manufacturers outperformed those in surrounding states as well.

Nevertheless, the auto industry has slowed over the past year. As of August, total car and light truck production in the state was down by 21 percent from last year's levels. Moreover, the nation's 12 automakers are planning a 2.4 percent

## Manufacturing Employment and Earnings (not seasonally adjusted)

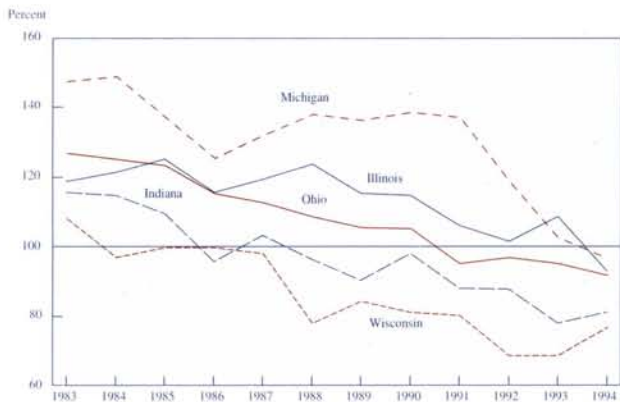
Great Lakes Region	August 1995	August 1994	Percent change
<b>ILLINOIS</b>			
Manufacturing employment	962,900	955,600	0.8
Average weekly hours	41.4	41.9	-1.2
Average hourly earnings	\$12.71	\$12.24	3.8
<b>INDIANA</b>			
Manufacturing employment	680,500	668,200	1.8
Average weekly hours	42.0	43.2	-2.8
Average hourly earnings	\$13.83	\$13.58	1.8
<b>MICHIGAN</b>			
Manufacturing employment	966,800	954,500	1.3
Average weekly hours	44.0	45.1	-2.4
Average hourly earnings	\$16.22	\$16.07	0.9
<b>OHIO</b>			
Manufacturing employment	1,085,800	1,076,100	0.9
Average weekly hours	43.2	43.3	-0.2
Average hourly earnings	\$14.26	\$14.31	-0.3
<b>WISCONSIN</b>			
Manufacturing employment	607,600	596,200	1.9
Average weekly hours	42.4	42.9	-1.2
Average hourly earnings	\$12.26	\$12.61	-2.8
<b>UNITED STATES</b>			
Manufacturing employment (000)	18,477	18,470	0.0
Average weekly hours	41.5	42.0	-1.2
Average hourly earnings	\$12.34	\$12.01	2.7

decline in the production of new vehicles in the fourth quarter compared to last year's level, from 3.7 million cars and light trucks in the fourth quarter last year to 3.6 million vehicles this year. The consensus among auto analysts is that this



year's auto sales will come in at about 14.8 million units. This does not constitute a bad year, but it would be below last year's 15.1 million units and far below the industry beginning-of-the-year expectations.

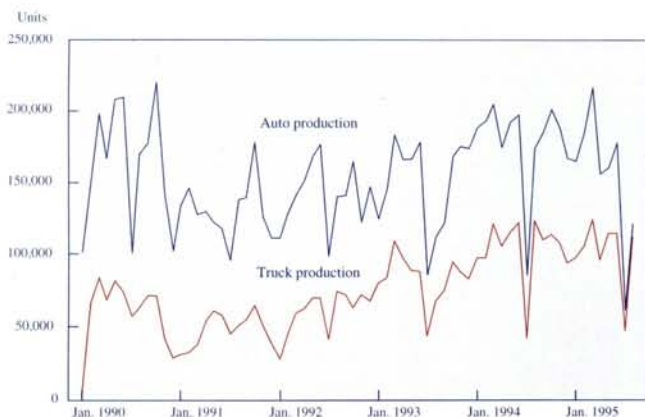
### Unemployment Rates Relative to the Nation



Another indication of the auto industry's sluggishness is the oversupply of inventories. As of October 1, inventories are at a 73-day supply, which is up from a 64-day supply a year earlier and well above the 60-day supply most analysts believe is ideal.

Finally, slow summer sales caused automakers to offer sizable economic incentives that in turn cut into their profits. Chrysler posted a 46 percent decline in third-quarter earnings, blaming high incentive costs and sagging sales in Mexico. Profits were \$492 per vehicle in the quarter, down 18 percent

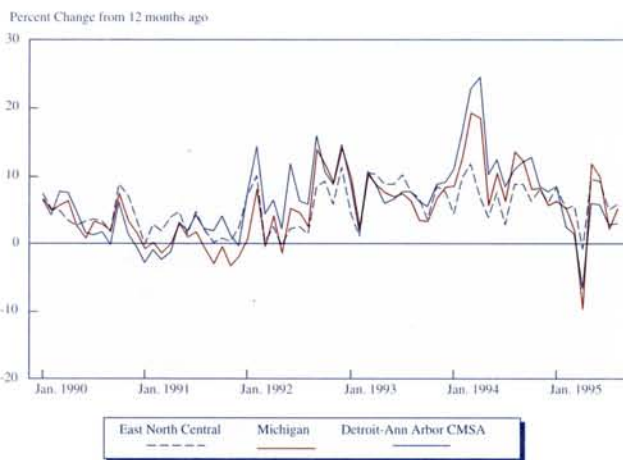
### Michigan Motor Vehicle Production (monthly)



from a year earlier. Ford earnings dropped 68 percent and reported that slow sales and the cost of introducing new cars could make the next several quarters just as slow. On the other hand, General Motors posted a 16 percent increase in third-quarter net income. However, its North American automotive unit reported a third-quarter loss of \$93 million.

Despite the quarter's negative employment growth, the state's unemployment rate dropped to 5.2 percent in the third quarter. Of the state's nine metropolitan areas, only Flint posted a jobless rate above that of the nation. Four of the state's metropolitan areas, including the Grand Rapids-Muskegon-Holland MSA and the Kalamazoo-Battle Creek MSA, boasted unemployment rates below 5 percent.

### Percentage Change in Retail Sales from 12 Months Ago



The state Index of Leading Economic Indicators suggests that the current sluggish employment conditions will not improve in the coming months. Although average weekly hours of production workers rose 0.7 percent in the quarter, the number of new claims for unemployment insurance rose 10.8 percent. The number of new dwelling units put under contract rose just 0.3 percent. Unfortunately, the Detroit area Index of Help-Wanted Advertising is not available due to ongoing labor disputes at the area's two major newspapers.

The University of Michigan released its 1996 and 1997 forecast for the state in November. Their forecast calls for employment to grow 1.6 percent in 1996 and by an additional 1.8 percent in 1997. Nationwide, the university forecasters expect car and light truck sales to reach 14.9 million units in 1996 and 15.1 million units in 1997.



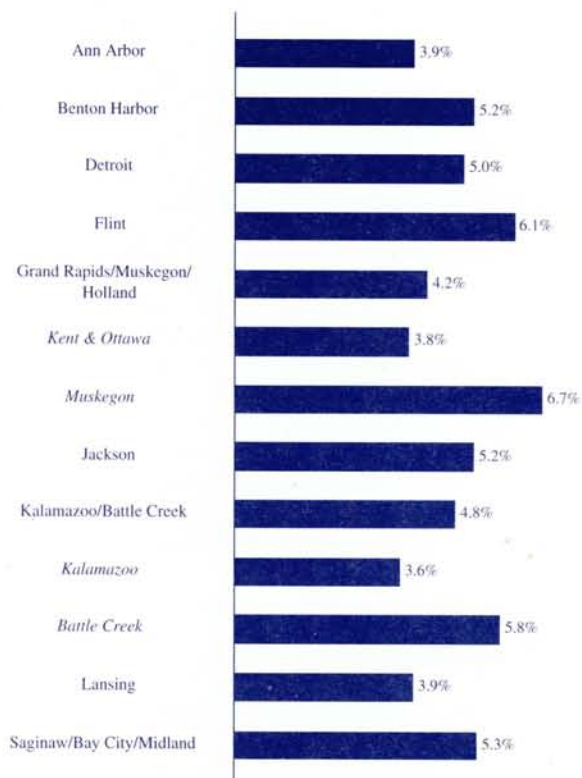
# WEST MICHIGAN ECONOMY

Total employment inched up just 0.1 percent during the third quarter in the three metropolitan areas of West Michigan. Employment gains in the region's service-producing sector countered employment declines in manufacturing and government. Despite sluggish employment growth, the region's unemployment rate dropped from 5.1 to 4.3 percent. We are forecasting employment growth to continue to be slow in the coming six months.

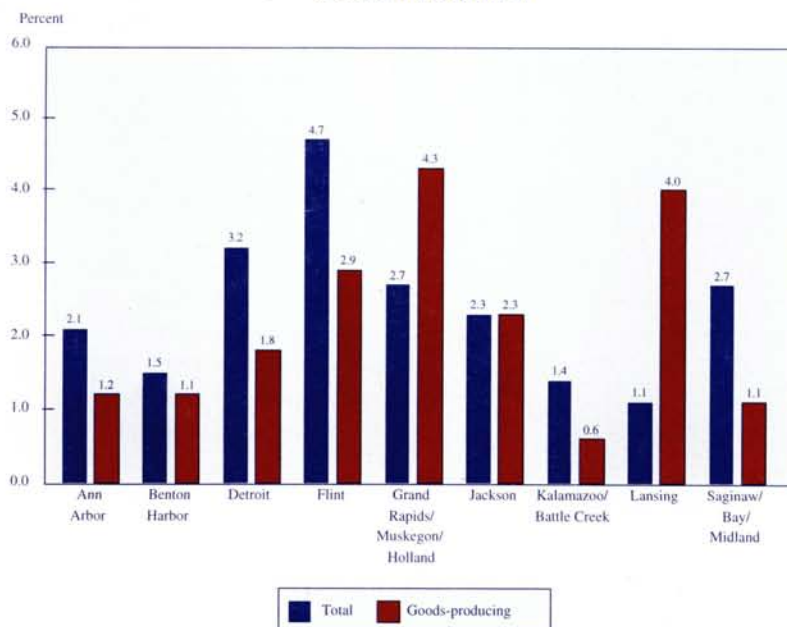
Employment in the region's goods-producing sector fell 0.2 percent, as employment declines were recorded in both manufacturing and construction. Still, the region compared favorably with the entire state, which saw a 1.0 percent decline in goods-producing employment. Moreover, during the past year, employment in the region's goods-producing sector grew by 3.1 percent compared to 2.4 percent state-wide.

Decreasing orders surely contributed to the area's decline in manufacturing employment, yet the area's tight labor market is forcing many firms to be unable to fill key positions. This at least partially explains why average weekly hours of production workers increased by 0.5 percent during the quarter, while at the same time employment levels in manufacturing declined by 0.2 percent. Unable to find qualified workers, firms are being forced to have their existing workers put in longer hours.

**Michigan Metropolitan Areas  
3rd Quarter Unemployment Rates  
(seasonally adjusted)**



**Metropolitan Comparison  
Percent Change in Employment 3rd Q 1994 to 3rd Q 1995  
(seasonally adjusted)**



Employment in the region's service-producing sector rose 0.4 percent in the third quarter, as employment gains were recorded in all of the sector's major industries. Government employment was down 0.7 percent.

The third-quarter readings of the region's economic indicators suggest that little to no improvement can be expected in employment conditions in the short-term. The region's Index of Help-Wanted Advertising was flat, while the Index of Leading Indicators declined by 3.4 percent. The local components of the Index were mixed, with both the average weekly hours of production workers and the number of new dwelling units put under contract up for the quarter. How-

ever, new claims for unemployment insurance were also up by nearly 15 percent.

Our last quarter forecast proved to be right on target because of offsetting errors: our employment forecast for the region's goods-producing sector was too pessimistic, while our forecast for government employment was far too robust.

Presently, we are forecasting total employment in West Michigan to grow by 0.4 percent in the current fourth quarter and by a further 0.3 percent in the first quarter of 1996. We foresee employment conditions in the region's goods-producing sector to be flat in the current quarter.

### Major Economic Developments

#### Battle Creek Area

745 union workers at Kellogg agreed to a buyout offer of either a \$42,000 lump-sum payment or a \$750 per month supplement, while workers at Post approved a new three-year contract.

TIG Insurance Company announced that it is eliminating more than 60 workers as it outsources some of its activities to M-Core Managed Service.

State Farm is planning staff reductions over the next three years that may have an adverse impact on 800 employees in the Marshall regional office.

#### Benton Harbor Area

Weldun International, which currently has 320 full-time employees, expects to add 10 workers with a planned \$2.5 million expansion.

Delta Machining Inc. in Niles is constructing a \$4 million expansion and will generate 24 jobs.

#### Grand Rapids Area (Kent and Ottawa Counties)

Herman Miller's subsidiary, Meridian, will build a \$25 million plant near Grand Haven and begin operations with 100 workers. By the year 2000, Meridian expects to hire an additional 400 employees.

Composite Energy Systems, citing shrinking demand for chrome-plated bumpers, announced it will close in December, eliminating 200 workers.

Apparel manufacturer H.H. Cutler eliminated 280 jobs after orders for team-related merchandise continually fell.

Life Savers announced plans to expand its Holland production facility, creating up to 90 new jobs.

Parmlat White Knight Packaging is expected to add 100 workers to its Wyoming plant during the next two years.

#### Kalamazoo Area

Swedish stockholders overwhelmingly approved the merger between Pharmacia and Upjohn. Approximately 4,000 employees will be eliminated from the new company's worldwide workforce of 34,000.

James River Corporation sold its parchmentizing operation of Parchment to Sibelle-Dalle, a French company. About 100 jobs are expected to be lost locally as a result of the sale.

Checker Motors has laid off approximately 50 workers due to the completion of a General Motors' contract.

Duriron, a Dayton-based company, is buying locally owned Dura-metallic Corporation for \$150 million. Employment at the Kalamazoo facility is expected to remain unchanged.

#### Muskegon Area

UNC Johnson Technology, a maker of jet engine components, is undertaking an expansion that will generate up to 100 new jobs.

Dileco, a producer of automobile and furniture castings, announced plans to construct a new building for additional die-cast machines. Employment is anticipated to increase by 40 workers.

Briggs & Stratton opened its \$20 million castings center in Ravenna Township and will add another 80 workers to its payrolls by next fall.

GTE will eliminate 38 more positions in the Muskegon area by December as part of its effort to eliminate 17,000 jobs nationwide by the end of 1996.

### West Michigan Employment Forecasts

West Michigan (3 MSAs)	Third-quarter performance			Short-term forecasts			
	Actual	Forecast	Percent error	1995 fourth quarter	Percent change	1996 first quarter	Percent change
Benton Harbor	70,540	70,990	0.6	70,640	0.1	70,620	0.0
Grand Rapids-Muskegon-Holland	506,300	505,900	-0.1	508,660	0.5	510,440	0.3
Kalamazoo-Battle Creek	203,070	203,170	0.0	203,560	0.2	203,860	0.1
West Michigan							
Goods-producing	251,740	251,230	-0.2	251,630	0.0	251,420	-0.1
Service-producing	434,000	433,470	-0.1	436,370	0.5	438,620	0.5
Government	94,180	95,360	1.3	94,850	0.7	94,880	0.0
Total	779,910	780,060	0.0	782,860	0.4	784,920	0.3

NOTE: Individual areas may not sum to total due to rounding in the seasonal adjustment procedure.



### Michigan (Statewide) Statistics

(adjusted for seasonal variations)

Measure	1995 Third quarter	1995 Second quarter	Percent change second to third	1994 Third quarter	Percent change third to third
<b>Employment</b>					
Total employment	4,232,030	4,239,920	-0.2	4,142,930	2.2
Goods-producing	1,122,540	1,134,260	-1.0	1,095,810	2.4
Construction & mining	157,910	158,650	-0.5	144,210	9.5
Manufacturing	964,630	975,600	-1.1	951,600	1.4
Durable goods	717,440	726,890	-1.3	707,930	1.3
Nondurable goods	247,200	248,710	-0.6	243,680	1.4
Private service-producing	2,467,790	2,461,630	0.3	2,407,710	2.5
Transportation & pub. utilities	163,540	164,490	-0.6	163,510	0.0
Wholesale trade	209,220	207,840	0.7	204,390	2.4
Retail trade	792,880	787,990	0.6	761,910	4.1
Finance, insurance & real estate	196,030	194,930	0.6	196,960	-0.5
Services	1,106,120	1,106,380	0.0	1,080,940	2.3
Government	641,700	644,040	-0.4	639,410	0.4
<b>Unemployment</b>					
Number unemployed	242,620	274,020	-11.5	280,690	-13.6
Unemployment rate	5.2	5.7	-8.8	5.9	-11.9
<b>State indexes</b>					
Help-Wanted ads:					
Detroit	N/A	176	--	192	N/A
West Michigan (3 MSAs)	169	169	0.0	173	-2.3
Leading indicators	113	118	-4.2	129	-12.4
Local components:					
Average weekly hours	44.1	43.8	0.7	45.0	-2.0
UI initial claims	15,964	14,402	10.8	12,311	29.7
New dwelling units <sup>a</sup>	39,396	39,268	0.3	39,402	0.0

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F. W. Dodge Division, McGraw Hill Information Systems Company. Detroit help-wanted index from The Conference Board, and employment data from MESC. National components of the leading indicators in Table A-3.

NOTE: Categories may not sum to total due to rounding.

a. Seasonally adjusted annual rates.

### Michigan Industry Employment Change, Third Quarter – Third Quarter

(unadjusted for seasonal variations)

Industry	3rd Q 95	3rd Q 94	Percent change	Industry	3rd Q 95	3rd Q 94	Percent change
<b>Goods-producing</b>	1,121,300	1,107,333	1.3	Auto dealers & serv. stations	85,667	79,333	8.0
Lumber & wood products	17,333	16,667	4.0	Apparel & accessory stores	37,333	38,667	-3.4
Furniture & fixtures	38,000	36,667	3.6	Home furn. & equip. stores	31,000	27,667	12.0
Primary metals	36,333	36,667	-0.9	Eating & drinking places	289,667	277,333	4.4
Fabricated metals	128,000	121,000	5.8	Business services	244,333	226,667	7.8
Industrial machinery	130,667	120,000	8.9	Health services	361,000	340,000	6.2
Electronic equipment	33,333	31,333	6.4	Private education services	33,667	34,000	-1.0
Transportation equipment	288,333	292,333	-1.4	Social services	78,333	76,333	2.6
Food & kindred products	49,667	45,333	9.6				
Apparel	18,067	18,667	-3.2	<b>Government</b>	599,667	596,667	0.5
Paper & allied products	22,000	21,333	3.1	Federal government	57,000	57,000	0.0
Printing & publishing	45,333	44,333	2.3	State government	156,333	153,000	2.2
Plastics & rubber	61,333	62,667	-2.1	Local government	385,667	386,667	-0.3
				Local gov't health services	14,000	15,000	-6.7
<b>Private service-producing</b>	2,493,333	2,402,333	3.8	Local gov't education	207,000	205,333	0.8
General merchandise stores	124,667	120,667	3.3				
Food stores	108,333	105,000	3.2				



**West Michigan (3 MSAs) Statistics**  
(adjusted for seasonal variations)

Measure	1995 Third quarter	1995 Second quarter	Percent change 2nd to 3rd	1994 Third quarter	Percent change 3rd to 3rd	Forecast 1995 <sup>a</sup>		Forecast 1996 <sup>a</sup>	
						Fourth quarter	Percent change	First quarter	Percent change
<b>Employment</b>									
Total employment	779,910	779,470	0.1	762,630	2.3	782,860	0.4	784,920	0.3
Goods-producing	251,740	252,360	-0.2	244,100	3.1	251,630	0.0	251,420	-0.1
Construction & mining	30,660	30,900	-0.8	29,860	2.7				
Manufacturing	221,080	221,460	-0.2	214,240	3.2				
Durable goods	135,760	135,870	-0.1	130,230	4.2				
Nondurable goods	85,320	85,590	-0.3	84,000	1.6				
Private service-producing	434,000	432,310	0.4	424,440	2.3	436,370	0.5	438,620	0.5
Transportation & pub. utilities	26,750	26,540	0.8	26,440	1.2				
Wholesale trade	40,470	40,420	0.1	39,690	2.0				
Retail trade	140,490	139,660	0.6	136,630	2.8				
Finance, ins. & real estate	34,260	34,180	0.2	33,550	2.1				
Services	192,030	191,500	0.3	181,130	2.1				
Government	94,180	94,810	-0.7	94,100	0.1	94,850	0.7	94,880	0.0
<b>Unemployment</b>									
Number unemployed	32,020	38,270	-16.3	36,970	-13.4				
Unemployment rate	4.3	5.1	-15.7	4.9	-12.2				
<b>Local indexes</b>									
Help-Wanted ads	169	169	0.0	173	-2.3				
Leading indicators	112	116	-3.4	127	-11.8				
Local components:									
Average weekly hours	42.1	41.9	0.5	43.2	-2.5				
UI initial claims	2,236	1,946	14.9	1,833	22.0				
New dwelling units <sup>b</sup>	7,436	6,488	14.6	8,021	-7.3				

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, ad count from the five major daily newspapers, and employment data from MESC. National components of the leading indicators in Table A-3.

NOTE: Categories may not sum to total due to rounding.

a. Percent change from the preceding quarter.

b. Seasonally adjusted annual rates.

**West Michigan**  
**Industry Employment Change, Third Quarter – Third Quarter**  
(unadjusted for seasonal variations)

Industry	3rd Q 95	3rd Q 94	Percent change	Industry	3rd Q 95	3rd Q 94	Percent change
<b>Goods-producing</b>	255,533	247,467	3.3	<b>Government</b>	86,967	86,900	0.1
Primary metals	8,767	8,333	5.2	Federal government	9,700	9,533	1.7
Fabricated metals	29,700	29,333	1.3	State government	13,500	13,600	-0.7
Industrial machinery	29,800	28,800	3.5	Local government	63,767	63,800	-0.1
Food & kindred products	22,100	21,233	4.1	Local gov't health services*	2,600	2,700	-3.7
Printing & publishing	10,900	10,633	2.5	Local gov't education	36,300	35,933	1.0
Plastics & rubber	15,333	15,000	2.2				
<b>Private service-producing</b>	435,967	426,533	2.2				
Business services*	32,400	32,733	-1.0				
Health services	57,900	56,667	2.2				

\*Published data for Kalamazoo-Battle Creek MSA not available.

# BENTON HARBOR MSA

Total employment fell 0.5 percent during the third quarter in the Benton Harbor MSA due to employment reductions in its goods-producing sector. The employment declines did not stop the area's unemployment rate from dipping down to 5.2 percent, however. We are forecasting employment levels to remain stable in the coming six months.

Employment in the area's goods-producing sector declined 1.5 percent in the third quarter. The employment declines are partially attributed to closing of the Watervliet Papermill and Crown Cork and Seal. Employment in nondurable goods production, including paper, dropped 2.7 percent in the quarter. Employment in the area's larger durable goods sector also declined 0.9 percent. Finally, employment in construction fell 3.7 percent in the third quarter, despite a warm September and an increase of nearly 60 percent in the number of new dwellings put under contract for construction.

Although employment was down in the third quarter, goods-producing employment grew 2.0 percent (seasonally unadjusted) from the third quarter of last year, with the area's primary metals industry recording strong employment gains.

Recent announcements suggest little change in the area's manufacturing employment. Whirlpool announced minor reductions in its marketing department, as part of its year-long effort to streamline its production and administrative activities. Weldun International, on the other hand, expects to add 10 workers with its planned \$2.5 million expansion, and Delta Machining in Niles plans to add 24 workers over the next two years.

In Van Buren County, north of the Benton Harbor MSA, stalled labor negotiations at the Karl Schmidt Unisia Bohn

Piston Division in South Haven are threatening the life of the plant. After the plant's unionized workers rejected the company's three-year contract offer for the second time, the company announced its renewed plans to initiate "plant closure negotiations" at the plant. In a reportedly unrelated move, the company laid off nearly 50 workers from its workforce of approximately 400 workers.

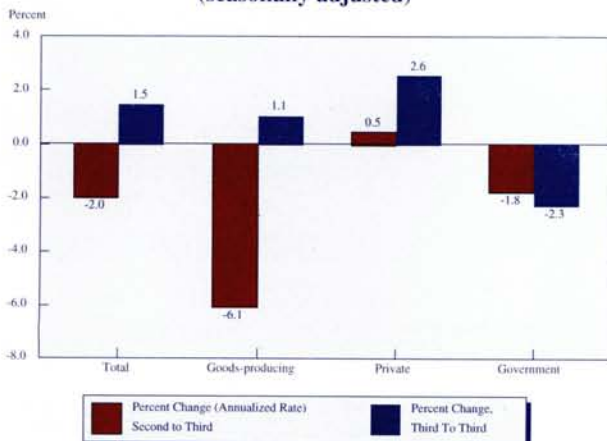
Employment in the Benton Harbor area's private service-producing sector was up 0.1 percent in the third quarter, as gains in transportation and public utilities, retail trade, and services erased declines in wholesale trade and in the area's financial sectors. Elder-Beerman, a national retailer, has filed for bankruptcy, but the local store employing approximately 120 workers remains open.

Despite the area's drop in employment, its unemployment rate fell below the national rate to 5.2 percent in the third quarter. The decline was due, in large part, to unsuccessful job searchers leaving the labor force.

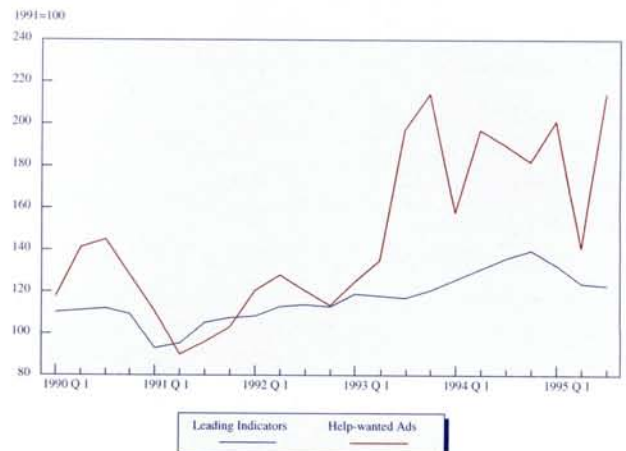
The area's economic indicators are mixed. Its Index of Help-Wanted Advertising jumped 51.8 percent in the quarter, rebounding from its 30.3 percent plunge in the previous quarter. However, the Index of Leading Indicators, which monitors employment conditions in the area's goods-producing industries, fell 0.8 percent. Hours logged by production workers were down, while the number of new claims for unemployment insurance was up.

We forecast that area employment will remain flat in the coming two quarters. Manufacturing employment is expected to decline by 0.4 percent in the current final quarter of 1995, while service employment is expected to move up by an identical 0.4 percent.

**Benton Harbor MSA  
Employment Growth  
(seasonally adjusted)**



**Benton Harbor MSA  
Economic Indexes**





**Benton Harbor MSA**  
(adjusted for seasonal variations)

Measure	1995 Third quarter	1995 Second quarter	Percent change 2nd to 3rd	1994 Third quarter	Percent change 3rd to 3rd	Forecast 1995 <sup>b</sup>		Forecast 1996 <sup>b</sup>	
						Fourth quarter	Percent change	First quarter	Percent change
<b>Employment</b>									
Total employment	70,540	70,900	-0.5	69,520	1.5	70,640	0.1	70,620	0.0
Goods-producing	22,880	23,240	-1.5	22,620	1.1	22,790	-0.4	22,650	-0.6
Construction & mining	1,810	1,880	-3.7	1,900	-4.7				
Manufacturing	21,070	21,360	-1.4	20,720	1.7				
Durable goods	15,670	15,810	-0.9	15,100	3.8				
Nondurable goods	5,400	5,550	-2.7	5,620	-3.9				
Private service-producing	38,850	38,800	0.1	37,870	2.6	39,020	0.4	39,130	0.3
Transportation & pub. utilities	2,950	2,910	1.4	2,880	2.4				
Wholesale trade	2,260	2,290	-1.3	2,200	2.7				
Retail trade	13,180	13,110	0.5	12,810	2.9				
Finance, ins. & real estate	2,600	2,670	-2.6	2,690	-3.3				
Services	17,860	17,820	0.2	17,280	3.4				
Government	8,820	8,860	-0.5	9,030	-2.3	8,830	0.2	8,840	0.1
<b>Personal income<sup>a</sup></b>	3,370	3,350	0.6	3,180	6.0	3,410	1.2	3,450	1.2
<b>Unemployment</b>									
Number unemployed	4,210	4,790	-12.1	5,000	-15.8				
Unemployment rate	5.2	5.9	-11.9	6.0	-13.3				
<b>Local indexes</b>									
Help-Wanted ads	214	141	51.8	190	12.6				
Leading indicators	123	124	-0.8	136	-9.6				
Local components:									
Average weekly hours	41.8	42.1	-0.7	43.9	-4.8				
UI initial claims	191	182	4.9	176	8.5				
New dwelling units <sup>c</sup>	766	479	59.9	491	55.8				

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, ad count from *Herald Palladium*, and employment data from MESC. National components of the leading indicators in Table A-3.

NOTE: Categories may not sum to total due to rounding.

a. Millions of dollars.

b. Percent change from the preceding quarter.

c. Seasonally adjusted annual rates.

**Industry Employment Change**  
**Third Quarter – Third Quarter**  
(unadjusted for seasonal variations)

Industry	3rd Q 95	3rd Q 94	Percent change	Industry	3rd Q 95	3rd Q 94	Percent change
<b>Goods-producing</b>	23,433	22,967	2.0	<b>Private service-producing</b>	39,133	38,267	2.3
Primary metals	2,333	2,100	11.1	Business services	4,500	4,300	4.7
Fabricated metals	1,667	1,633	2.0	Health services	5,300	5,200	1.9
Industrial machinery	5,000	4,900	2.0				
Food & kindred products	1,133	1,200	-5.6	<b>Government</b>	8,400	8,600	-2.3
Printing & publishing	1,867	1,800	3.7	Federal government	500	500	0.0
Plastics & rubber	2,000	2,000	0.0	State government	600	600	0.0
				Local government	7,333	7,567	-3.1
				Local gov't health services	500	500	0.0
				Local gov't education	4,033	4,233	-4.7



# GRAND RAPIDS–MUSKEGON–HOLLAND MSA

Total employment in the Grand Rapids-Muskegon-Holland MSA inched up just 0.2 percent in the third quarter. The area's sluggish employment growth reflects the general slowdown in manufacturing nationwide. Still, the lack of job growth did not halt the area's unemployment rate from declining to 4.2 percent in the quarter. In the coming months, area employment growth is expected to continue but at a modest pace.

Employment in the region's goods-producing sector remained unchanged in the quarter, as declines in construction trades cancelled a small 0.1 percent gain in manufacturing employment. Despite the quarter's lack of job growth, goods-producing employment grew 4.4 percent (seasonally unadjusted) from the same quarter last year. The area's furniture, transportation, and food industries reported impressive gains over the 12-month period.

The robust office furniture industry is poised for further employment growth. Herman Miller announced that its subsidiary, Meridian, will build a \$25 million plant near Grand Haven, employing 100 workers initially and hiring 400 more workers by the end of the decade. In addition, Treadway is adding up to 40 workers due to a new expansion.

Area auto suppliers continue to excel despite slower orders and constant pressures to lower costs. Eagle Ottawa in Grand Haven has become the first automotive supplier to receive the "Quality System Requirements: QS-999" certification by the Big Three automakers. The company is also expanding and plans to add 200 workers in the next two

years. On the downside, Composite Energy Systems announced it will shut down, eliminating 200 workers by the end of the year due to a shrinking demand for chrome-plated bumpers.

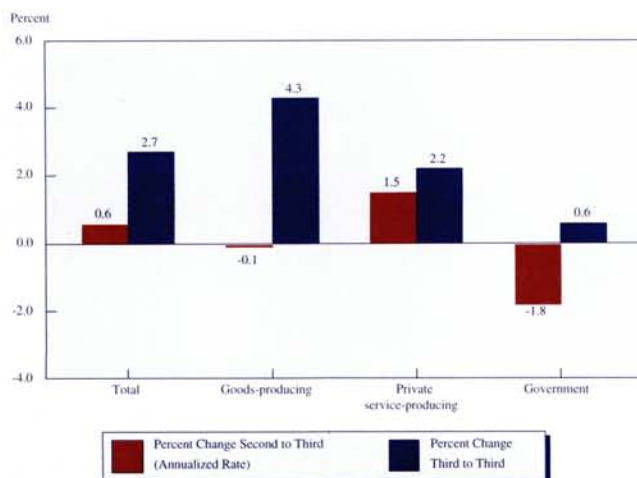
Employment in the area's private service-producing sector rose 0.4 percent in the quarter, with all subsectors reporting employment gains. Finally, employment in government fell 0.4 percent in the quarter.

The area's modest employment growth contributed to its unemployment rate dropping from 4.8 percent in the second quarter to 4.2 percent in the third. The area's unemployment remains well below the national rate of 5.5 percent.

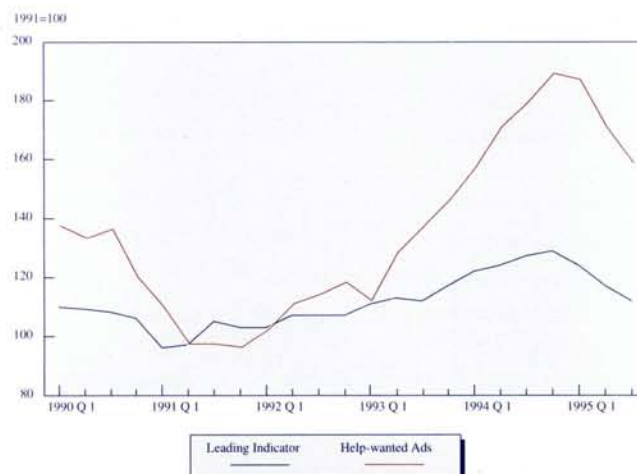
Area indicators suggest that employment growth in the area may stall in the coming months. The Index of Leading Indicators fell 4.3 percent, while the Index of Help-Wanted Advertising declined 7.0 percent. Average weekly hours of production workers remained unchanged, while the number of new claims for unemployment insurance rose 14.8 percent.

Our forecast is slightly more optimistic, however, and it calls for total employment to grow 0.5 percent in the current fourth quarter and a smaller 0.3 percent in the first quarter of 1996. Employment in the goods-producing sector is forecasted to inch up slowly during the next several months, while employment in the service-producing sector is expected to grow by 0.6 percent during the current and following quarters.

**Grand Rapids–Muskegon–Holland MSA  
Employment Growth  
(seasonally adjusted)**



**Grand Rapids–Muskegon–Holland MSA  
Economic Indexes**



**Grand Rapids–Muskegon–Holland MSA**  
(adjusted for seasonal variations)

Measure	1995 Third quarter	1995 Second quarter	Percent change 2nd to 3rd	1994 Third quarter	Percent change 3rd to 3rd	Forecast 1995 <sup>b</sup>		Forecast 1996 <sup>b</sup>	
						Fourth quarter	Percent change	First quarter	Percent change
<b>Employment</b>									
Total employment	506,300	505,520	0.2	492,780	2.7	508,660	0.5	510,440	0.3
Goods-producing	171,500	171,550	0.0	164,460	4.3	171,770	0.2	172,000	0.1
Construction & mining	21,940	22,100	-0.7	21,090	4.0				
Manufacturing	149,560	149,440	0.1	143,370	4.3				
Durable goods	97,870	97,730	0.1	93,250	5.0				
Nondurable goods	51,690	51,710	0.0	50,120	3.1				
Private service-producing	283,090	282,040	0.4	276,920	2.2	284,760	0.6	286,440	0.6
Transportation & pub. utilities	17,340	17,180	0.9	17,200	0.8				
Wholesale trade	31,420	31,370	0.2	30,780	2.1				
Retail trade	89,420	88,920	0.6	87,050	2.7				
Finance, ins. & real estate	20,890	20,780	0.5	20,240	3.2				
Services	124,020	123,800	0.2	121,650	1.9				
Government	51,710	51,940	-0.4	51,400	0.6	52,120	0.8	51,990	-0.2
<b>Personal Income<sup>a</sup></b>	23,850	23,500	1.5	22,280	7.1	24,180	1.4	24,490	1.3
<b>Unemployment</b>									
Number unemployed	21,830	25,800	-15.4	24,760	-11.8				
Unemployment rate	4.2	4.8	-12.5	4.8	-12.5				
<b>Local indexes</b>									
Help-Wanted ads	159	171	-7.0	179	-11.2				
Leading indicators	112	117	-4.3	127	-11.8				
Local components:									
Average weekly hours	41.6	41.6	0.0	43.0	-3.3				
UI initial claims	1,337	1,165	14.8	1,102	21.3				
New dwelling units <sup>c</sup>	5,118	4,629	10.6	4,821	6.2				

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, ad count from *Grand Rapids Press* and *Muskegon Chronicle*, and employment data from MESC. National components of the leading indicators in Table A-3.

NOTE: Categories may not sum to total due to rounding.

a. Millions of dollars.

b. Percent change from the preceding quarter.

c. Seasonally adjusted annual rates.

**Industry Employment Change**  
**Third Quarter – Third Quarter**  
(unadjusted for seasonal variations)

Industry	3rd Q 95	3rd Q 94	Percent change	Industry	3rd Q 95	3rd Q 94	Percent change
<b>Goods-producing</b>	173,933	166,600	4.4	Auto dealers & service	9,267	8,967	3.3
Furniture & fixtures	24,900	23,067	7.9	Eating & drinking places	31,333	30,033	4.3
Primary metals	5,133	4,900	4.8	Depository institutions	7,567	7,267	4.1
Fabricated metals	22,033	21,633	1.8	Business services	27,900	28,433	-1.9
Industrial machinery	20,500	19,567	4.8	Health services	35,267	34,367	2.6
Transportation equipment	8,467	7,600	11.4	Educational services	6,633	6,467	2.6
Food & kindred products	13,300	12,233	8.7	Social services	9,367	8,900	5.2
Apparel & other textiles	6,067	6,467	-6.2	<b>Government</b>	47,633	47,367	0.6
Printing & publishing	6,033	5,833	3.4	Federal government	3,900	3,733	4.5
Plastics & rubber	8,967	8,833	1.5	State government	5,833	5,800	0.6
<b>Private service-producing</b>	284,033	278,000	2.2	Local government	37,900	37,800	0.3
Gen'l merchandise stores	15,800	15,767	0.2	Local gov't health services	2,100	2,200	-4.5
Food stores	11,600	11,367	2.1	Local gov't education	21,700	21,233	2.2



## Grand Rapids Area (Kent-Ottawa Counties)

Total employment inched up an estimated 0.1 percent in the third quarter in the Grand Rapids area (Kent and Ottawa Counties). Despite the sluggish job growth, the area's unemployment rate fell to 3.8 percent. We forecast employment to continue to grow at a modest pace in the current fourth quarter, as well as in the first quarter of 1996.

Employment in the area's goods-producing sector fell an estimated 0.5 percent in the third quarter. H.H. Cutler, an apparel manufacturer, eliminated 280 jobs in the area due to falling orders for team-related merchandise. The company is closing its cutting and sewing operations, eliminating 239 jobs, and will reassign at least 41 employees to other locations.

On the plus side, Life Savers announced plans to expand its Holland production facility, creating up to 90 new jobs. In addition, Parmalat White Knight Packaging is expected to add 100 workers over the next two years to its Wyoming plant, which produces soy and milk products.

The area's furniture industry received a boost when Herman Miller was awarded a \$125 million federal government contract to make 25,000 work stations for the U.S. Social Security Administration. It is unknown if the increase in orders will add to the 100 new employees the company has

hired during the past month. On the other hand, Ameriwood Industries International is facing shrinking retail outlets for its ready-to-assemble products due to both Handy Andy Home Improvement Centers and Caldor Corporation filing for bankruptcy.

Employment in the area's private service-producing sector rose an estimated 0.2 percent in the quarter. The proposed merger between Butterworth and Blodgett Hospitals, which is currently being reviewed by the Federal Trade Commission, might have negative employment impacts if the restructuring allows for eliminating duplication in administrative functions.

Area indicators suggest that sluggish employment conditions will continue in the coming months. The Index of Help-Wanted Advertising fell 8.6 percent. In addition, initial claims for unemployment insurance were up. The area's Purchasing Management Index also declined from 58.5 in September to 53.0 in October.

We forecast the area's employment to grow 0.4 percent in the current fourth quarter and by a similar percent in the first quarter of 1996. However, goods-producing employment is expected to remain fairly constant in the coming months.

Grand Rapids Area

Measure	1995 Third quarter	1995 Second quarter	Percent change 2nd to 3rd	1994 Third quarter	Percent change 3rd to 3rd	Forecast 1995 <sup>b</sup>		Forecast 1996 <sup>b</sup>	
						Fourth quarter	Percent change	First quarter	Percent change
<b>Employment</b>									
Total employment	408,500	408,050	0.1	397,190	2.8	410,280	0.4	411,880	0.4
Goods-producing	134,050	134,420	-0.5	129,640	3.4	134,120	0.1	134,340	0.2
Service-producing	237,070	236,500	0.2	231,070	2.6	238,460	0.6	240,700	0.6
Government	37,360	36,860	1.4	36,520	2.4	37,690	0.9	37,640	-0.1
<b>Personal Income<sup>a</sup></b>	17,670	17,390	1.6	16,440	7.4	17,930	1.5	18,150	1.2
<b>Unemployment</b>									
Number	14,750	17,660	-16.5	16,780	-12.1				
Rate	3.8	4.4	-13.6	4.2	-9.5				
<b>Indicators</b>									
Help-Wanted ads	159	174	-8.6	183	-13.1				
UI claims	964	900	7.1	855	12.7				
New dwelling units <sup>c</sup>	4,380	3,769	16.2	4,149	5.6				
		<b>Latest month</b>		<b>Previous month</b>					
Employment Service Index*		71.1 (August)		84.5 (July)					
Purchasing Management Index*		53.0 (October)		58.5 (September)					

NOTE: Figures are seasonally adjusted. \*Index = (percent survey reporting improvement) + 0.5 (percent survey reporting no change). a. Millions of dollars. b. Percent change from preceding quarter. c. Seasonally adjusted annual rates.



# Muskegon Area

## (Muskegon County)

*Total employment is estimated to have increased by a strong 0.8 percent during the third quarter in Muskegon County, pushing its unemployment rate down to 6.7 percent. During the current fourth quarter, we estimate employment will grow an additional 0.6 percent in the county, followed by a smaller 0.2 percent growth in the first quarter of 1996.*

Employment in the area's goods-producing sector grew an estimated 0.8 percent in the third quarter. Recent announcements suggest that further growth can be expected in the coming year. UNC Johnson Technology, a maker of jet engine components, is undertaking an expansion which will generate up to 100 new jobs. Dilesco, a producer of automobile and furniture castings, announced plans to construct a new building to house six to eight new die-cast machines employing 40 new workers. The company's current workforce stands at 140 workers. ESCO announced \$8.7 million expansion plans to its area plant that manufactures pressure-sensitive chemicals used in carbonless multicopy paper. Finally, Briggs & Stratton, a leading manufacturer of small gasoline engines, opened its \$20 million castings center in Ravenna Township. Currently, the plant employs 70 workers and expects to employ 150 workers by this time next year.

The area is also attracting new companies. Steel Coating, employing 22 workers who paint (E-coating) parts for the

furniture and auto industries, is the first new tenant of the former Shaw-Walker facility. Grand Products, a maker of aluminum and stainless steel hardware for boats and RVs, is the first company to locate at the Norton Industrial Center No. 2. The company employs 14 workers.

Employment in the area's private service-producing sector rose an estimated 0.7 percent in the third quarter. However, GTE will cut 38 more positions in the Muskegon area by the end of the year as part of its two-year effort to eliminate 17,000 jobs nationwide by the end of 1996. GTE will still employ approximately 410 workers in Muskegon.

Muskegon County's strong employment gains pushed its unemployment rate in the third quarter below the 7 percent line. However, the area's unemployment rate is still above the national and state rates.

The area Index of Help-Wanted Advertising fell 3.1 percent in the quarter suggesting that employment growth may slow in the coming months. In addition, new claims for unemployment rose a sharp 43.3 percent, and building starts were down. We are forecasting the area's employment growth to slow slightly in the current fourth quarter. Total employment is expected to increase by 0.6 percent in the current fourth quarter and by an additional 0.2 percent in the first quarter of 1996.

### Muskegon Area

Measure	1995 Third quarter	1995 Second quarter	Percent change 2nd to 3rd	1994 Third quarter	Percent change 3rd to 3rd	Forecast 1995 <sup>b</sup>		Forecast 1996 <sup>b</sup>	
						Fourth quarter	Percent change	First quarter	Percent change
<b>Employment</b>									
Total employment	63,020	62,510	0.8	61,100	3.1	63,370	0.6	63,520	0.2
Goods-producing	19,830	19,660	0.8	19,020	4.2	19,920	0.5	19,940	0.1
Service-producing	33,510	33,260	0.7	32,590	2.8	33,710	0.6	33,890	0.5
Government	9,680	9,580	1.1	9,490	2.1	9,740	0.5	9,680	-0.6
<b>Personal Income<sup>a</sup></b>	2,980	2,950	1.0	2,820	5.7	3,020	1.3	3,050	1.0
<b>Unemployment</b>									
Number	5,190	5,920	-12.3	5,900	-12.0				
Rate	6.7	7.5	-10.7	7.6	-11.8				
<b>Indicators</b>									
Help-Wanted ads	157	162	-3.1	153	2.6				
UI claims	374	261	43.3	248	50.8				
New dwelling units <sup>c</sup>	701	829	-15.4	647	8.4				
		<b>Latest month</b>		<b>Previous month</b>					
Employment Service Index*		82.5 (August)		79.5 (July)					

NOTE: Figures are seasonally adjusted. \*Index = (percent survey reporting improvement) + 0.5 (percent survey reporting no change). a. Millions of dollars. b. Percent change from preceding quarter. c. Seasonally adjusted annual rates.



# KALAMAZOO-BATTLE CREEK MSA

*Total employment remained unchanged in the third quarter in the Kalamazoo-Battle Creek MSA, as losses in the area's goods-producing and government sectors erased gains in the private service-producing industries. We forecast employment growth to remain lackluster in the current fourth quarter, with total employment inching up only 0.2 percent.*

Employment in the area's goods-producing sector fell 0.7 percent in the third quarter, due to declines across all major industrial groups. In fact, during the last four quarters, employment has declined in the area's metal industries, industrial machinery, chemicals and food products. Construction employment was down 0.3 percent in the quarter, even though the number of new dwelling units put under contract rose 16.5 percent.

Employment in the area's service-producing sector was up 0.6 percent, as all major sectors reported employment gains. Government employment fell 0.7 percent in the quarter.

Even though overall employment was flat during the quarter, the area's unemployment rate fell to below 5.0 percent. Not surprisingly, area employers are reporting difficulty in finding qualified workers; however, except for some isolated occupations, wage rates are apparently holding steady.

The area's indicators suggest that employment conditions in the service-producing sector will remain slightly positive. The composite Index of Help-Wanted Advertising was up 4.9 percent in the quarter. We are forecasting service

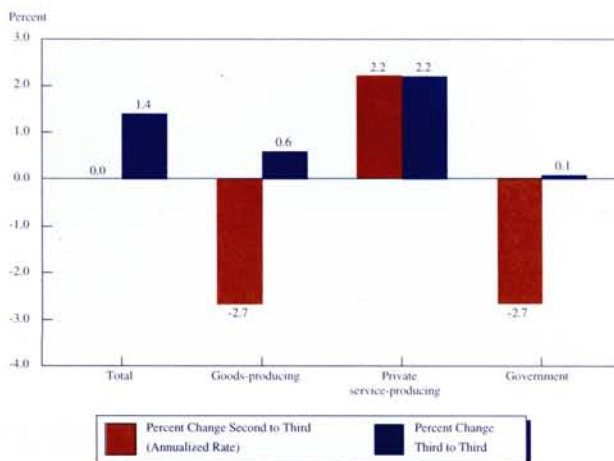
employment to increase 0.5 percent in the current fourth quarter, and a further 0.4 percent in the first quarter of 1996.

In the area's struggling goods-producing sector, employment conditions are not expected to improve, however. The Index of Leading Indicators fell 3.6 percent. Due in large part to employment reductions at the Kellogg Company, we are forecasting employment in the area's goods-producing sector to fall 0.4 percent in the current quarter and by 0.5 percent in the first quarter of 1996.

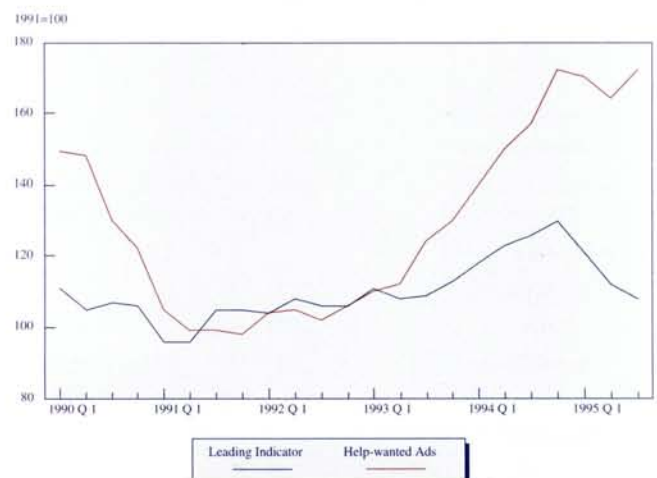
Business and government leaders are working together to explore new ways the two counties can build upon shared assets to create more jobs in the future. The first option area leaders explored was the construction of an international tradeport at Battle Creek's W.K. Kellogg Regional Airport. An international tradeport is meant to provide manufacturers with a just-in-time logistic environment which would enable them to transport their goods efficiently. However, a study completed by the W.E. Upjohn Institute concluded that a tradeport would have only a modest employment impact on the two-county area and would be a fiscal drain on area governments.

The tradeport proposal was just one means of fostering regional economic cooperation between the two counties. Attention is being given to the idea of establishing a business and industry park along I-94 between the cities of Battle Creek and Kalamazoo. Such a business park would alleviate the shortage of industrial land that currently prevails in Kalamazoo County and offer new and existing companies a high-profile location along the interstate highway.

**Kalamazoo-Battle Creek MSA  
Employment Growth  
(seasonally adjusted)**



**Kalamazoo-Battle Creek MSA  
Economic Indexes**



**Kalamazoo–Battle Creek MSA**  
(adjusted for seasonal variations)

Measure	1995 Third quarter	1995 Second quarter	Percent change 2nd to 3rd	1994 Third quarter	Percent change 3rd to 3rd	Forecast 1995 <sup>b</sup>		Forecast 1996 <sup>b</sup>	
						Fourth quarter	Percent change	First quarter	Percent change
<b>Employment</b>									
Total employment	203,070	203,080	0.0	200,310	1.4	203,560	0.2	203,860	0.1
Goods-producing	57,270	57,670	-0.7	56,940	0.6	57,070	-0.4	56,760	-0.5
Construction & mining	6,910	6,930	-0.3	6,870	0.6				
Manufacturing	50,370	50,730	-0.7	50,060	0.6				
Durable goods	22,120	22,380	-1.2	21,800	1.5				
Nondurable goods	28,250	28,350	-0.4	28,260	0.0				
Private service-producing	112,080	111,460	0.6	109,670	2.2	112,590	0.5	113,050	0.4
Transportation & pub. utilities	6,440	6,430	0.2	6,340	1.6				
Wholesale trade	6,780	6,780	0.0	6,710	1.0				
Retail trade	37,910	37,580	0.9	36,800	3.0				
Finance, ins. & real estate	10,770	10,740	0.3	10,610	1.5				
Services	50,180	49,940	0.5	49,210	2.0				
Government	33,720	33,950	-0.7	33,700	0.1	33,900	0.6	34,050	0.5
<b>Personal Income<sup>a</sup></b>	9,500	9,370	1.4	8,870	7.1	9,670	1.8	9,810	1.4
<b>Unemployment</b>									
Number unemployed	10,530	12,310	-14.5	12,090	-12.9				
Unemployment rate	4.8	5.5	-12.7	5.4	-11.1				
<b>Local indexes</b>									
Help-Wanted ads	172	164	4.9	157	9.6				
Leading indicators	108	112	-3.6	126	-14.3				
Local components:									
Average weekly hours	43.8	42.6	2.8	43.9	-0.2				
UI initial claims	700	601	16.5	550	27.3				
New dwelling units <sup>c</sup>	1,528	1,317	16.0	2,649	-42.3				

SOURCE: W.E. Upjohn Institute for Employment Research. Based on dwelling data from F.W. Dodge Division, McGraw Hill Information Systems Company, ad count from *Kalamazoo Gazette* and *Battle Creek Enquirer*, and employment data from MESIC. National components of the leading indicators in Table A-3.

NOTE: Categories may not sum to total due to rounding.

a. Millions of dollars.

b. Percent change from preceding quarter.

c. Seasonally adjusted annual rates.

**Industry Employment Change**  
**Third Quarter – Third Quarter**  
(unadjusted for seasonal variations)

Industry	3rd Q 95	3rd Q 94	Percent change	Industry	3rd Q 95	3rd Q 94	Percent change
<b>Goods-producing</b>	58,167	57,900	0.5	<b>Private service-producing</b>	112,800	110,267	2.3
Primary metals	1,300	1,333	-2.5	Gen'l merchandise stores	7,100	6,767	4.9
Fabricated metals	6,000	6,067	-1.1	Food stores	4,467	4,333	3.1
Industrial machinery	4,300	4,333	-0.8	Auto dealers & service	4,000	3,967	0.8
Transportation equipment	5,167	4,833	6.9	Eating & drinking places	14,200	13,967	1.7
Food & kindred products	7,700	7,800	-1.3	Health services	17,333	17,100	1.4
Paper & allied products	5,167	5,167	0.0	<b>Government</b>	30,933	30,933	0.0
Printing & publishing	3,000	3,000	0.0	Federal government	5,300	5,300	0.0
Chem & allied products	8,000	8,100	-1.2	State government	7,067	7,200	-1.9
Plastics & rubber	4,367	4,167	4.8	Local government	18,533	18,433	0.5
				Local gov't education	10,567	10,467	1.0



# Kalamazoo Area

## (Kalamazoo County)

Total employment rose an estimated 0.1 percent during the third quarter in Kalamazoo County. Employment declines in the goods-producing sector partially offset estimated gains in the service-producing sector. Still the area's unemployment rate fell to 3.6 percent. We forecast the total employment level to rise only modestly in the coming months.

Kalamazoo County has witnessed several of its major employers changing ownership. Swedish stockholders overwhelmingly approved the merger between Upjohn and their own Pharmacia. This was the last major hurdle for the formation of Pharmacia & Upjohn. Shares of the new company sold on the New York Stock Exchange on November 3. Company officials estimate that 4,000 employees will be eliminated from the company's total workforce of 34,000.

Up to 100 jobs could be eliminated due to James River Corporation's sale of its parchemizing operation in Parchment to Sibelle-Dalle, a French company. Duriron, a Dayton-based company, is buying locally owned Durametallic Corporation for \$150 million. Durametallic is a leading designer and maker of mechanical seals and employs 1,100 around the world, including 400 locally. Durametallic will remain in Kalamazoo, and no reduction in employment is planned. Finally, a local group of investors bought the financially troubled International Research and Development

Corporation (IRDC) which filed for bankruptcy in September. The purchase will preserve 300 jobs.

Employment in the area's goods-producing industries fell an estimated 0.5 percent in the third quarter, and we forecast further declines in the coming months. In addition to expected job losses in the paper industry, Checker Motors Corporation has laid off at least 50 workers due to the completion of a General Motors contract.

Employment in the county's service-producing industries rose an estimated 0.7 percent in the third quarter, while government employment dropped an estimated 0.4 percent.

The unemployment rate for Kalamazoo County fell to 3.6 percent in the third quarter. Many employers are finding it very difficult to find qualified workers. Fortunately, Kalamazoo Valley Community College is participating in a federal project designed to improve technical training for small to mid-sized manufacturing firms.

Area economic indicators were mixed in the third quarter. The Index of Help-Wanted Advertising was up slightly. However, the number of new unemployment insurance claims was up 6.0 percent, and the latest reading of the Purchasing Management Index was flat. We forecast employment to increase 0.2 percent in the final quarter of 1995.

### Kalamazoo Area

Measure	1995 Third quarter	1995 Second quarter	Percent change 2nd to 3rd	1994 Third quarter	Percent change 3rd to 3rd	Forecast 1995 <sup>b</sup>		Forecast 1996 <sup>b</sup>	
						Fourth quarter	Percent change	First quarter	Percent change
<b>Employment</b>									
Total employment	120,500	120,320	0.1	118,080	2.0	120,790	0.2	121,540	0.6
Goods-producing	34,400	34,590	-0.5	34,000	1.2	34,240	-0.5	34,310	0.2
Service-producing	67,500	67,050	0.7	65,730	2.7	67,810	0.5	68,350	0.8
Government	18,600	18,680	-0.4	18,360	1.3	18,740	0.8	18,880	0.7
<b>Personal Income<sup>a</sup></b>	5,450	5,360	1.7	5,040	8.1	5,550	1.8	5,650	1.8
<b>Unemployment</b>									
Number	4,380	5,100	-14.1	5,450	-19.6				
Rate	3.6	4.2	-14.3	4.4	-18.2				
<b>Indicators</b>									
Help-Wanted ads	183	178	2.8	168	8.9				
UI claims	281	265	6.0	267	5.2				
New dwelling units <sup>c</sup>	946	877	7.9	2,189	-56.8				
		<b>Latest month</b>		<b>Previous month</b>					
Employment Service Index*		77.4 (August)		79.5 (July)					
Purchasing Management Index*		46.5 (October)		46.5 (September)					

NOTE: Figures are seasonally adjusted. \*Index = (percent survey reporting improvement) + 0.5 (percent survey reporting no change). a. Millions of dollars. b. Percent change from preceding quarter. c. Seasonally adjusted annual rates.



## Battle Creek Area (Calhoun County)

Total employment fell an estimated 0.3 percent in Calhoun County during the third quarter; however, the lack of job growth did not stop the area's unemployment rate from its downward descent to 5.8 percent. Employment is expected to grow slightly in the current fourth quarter; however, announced layoffs at the Kellogg Company will begin to have their effect on the county's economy in the first quarter of next year.

Union workers at Kellogg agreed to the company's buy-out offer reported to include a \$42,000 lump-sum payment or a \$750 monthly supplement for workers eligible for retirement. The buyout offer might soften the blow to the community of the loss of 745 production jobs at the cereal giant; however, we forecast total employment to be down 0.8 percent in the first quarter due to the company's layoffs.

Workers at Post, the county's second largest cereal producer, approved a new three-year contract. The agreement provides an average \$1.20 an hour wage increase over a three-year period and offers an improved medical and pension package.

Overall, goods-producing employment is estimated to have declined by 0.9 percent in the third quarter, although no major layoffs were reported in the county. Indeed,

reports from Marshall and Albion indicate continued job growth in their manufacturing sectors.

Employment in the area's large service-producing sector rose an estimated 0.4 percent in the third quarter. However, TIG Insurance Company announced that it is eliminating more than 60 workers as it outsources some of its activities to M-Core Managed Service. Indeed, many of the laid-off workers may get their old job back with just a different employer. In addition, State Farm Insurance's reorganization may have a negative impact on its regional office in Marshall, which currently employs 800 workers. The reorganization will occur over three years and ultimately could result in over 1,000 jobs being eliminated companywide.

Despite the area's estimated negative employment growth, its unemployment rate dropped to 5.8 percent in the third quarter.

Economic indicators for the Battle Creek area were mixed in the third quarter. The Index of Help-Wanted Advertising rose 3.1 percent, suggesting at least stable employment conditions in the area's service-producing sector. However, the number of initial claims for unemployment insurance jumped by 27.3 percent in the quarter. We forecast total employment to increase 0.2 percent in the fourth quarter.

**Battle Creek Area**

Measure	1995 Third quarter	1995 Second quarter	Percent change 2nd to 3rd	1994 Third quarter	Percent change 3rd to 3rd	Forecast 1995 <sup>b</sup>		Forecast 1996 <sup>b</sup>	
						Fourth quarter	Percent change	First quarter	Percent change
<b>Employment</b>									
Total employment	63,860	64,050	-0.3	63,820	0.0	63,970	0.2	63,460	-0.8
Goods-producing	19,780	19,950	-0.9	19,880	-0.5	19,730	-0.2	19,360	-1.9
Service-producing	32,980	32,850	0.4	32,550	1.3	33,130	0.4	33,010	-0.4
Government	11,100	11,250	-1.3	11,400	-2.6	11,110	0.1	11,090	-0.1
<b>Personal Income<sup>a</sup></b>	2,760	2,740	0.7	2,640	4.5	2,800	1.4	2,830	1.1
<b>Unemployment</b>									
Number	3,790	4,400	-13.9	4,140	-8.5				
Rate	5.8	6.6	-12.1	6.2	-6.5				
<b>Indicators</b>									
Help-Wanted ads	134	130	3.1	123	8.9				
UI claims	424	333	27.3	285	48.8				
New dwelling units <sup>c</sup>	627	449	39.7	469	33.6				
		<b>Latest month</b>		<b>Previous month</b>					
Employment Service Index*		71.2 (August)		64.7 (July)					

NOTE: Figures are seasonally adjusted. \*Index = (percent survey reporting improvement) + 0.5 (percent survey reporting no change). a. Millions of dollars. b. Percent change from preceding quarter. c. Seasonally adjusted annual rates.



# Appendix Tables

**Table A-1**  
**Index of Help-Wanted Advertising (1991=100)**

Area	Annual averages (Selected years)						Quarters adjusted for seasonal variations				
	1984	1989	1991	1992	1993	1994	1994		1995		
							III	IV	I	II	III
Battle Creek	105	161	100	95	98	119	123	136	134	130	134
Benton Harbor	57	138	100	121	167	180	190	176	204	141	214
Grand Rapids	86	149	100	113	134	178	183	194	189	174	159
Kalamazoo	96	172	100	107	127	168	168	187	185	178	183
Muskegon	87	124	100	104	113	150	153	161	165	162	157
West Michigan, 3 MSAs	87	152	100	110	131	168	173	182	181	169	169
Detroit, Michigan LMA	163	170	95	106	134	191	192	202	187	176	N/A
United States	119	208	128	128	108	130	131	145	142	138	138

SOURCE: West Michigan indexes based on ad counts from the *Battle Creek Enquirer*, *Herald Palladium*, *Grand Rapids Press*, *Kalamazoo Gazette*, and *Muskegon Chronicle*; United States and Detroit indexes derived from (1967=100) series of The Conference Board.

**Table A-2**  
**Selected Labor Market Indicators**  
**(not adjusted for seasonal variations)**

Labor market area	Average for manufacturing production workers <sup>a</sup> September 1995			Civilian labor force unemployment rate <sup>b</sup>	
	Weekly hours	Hourly earnings	Weekly earnings	July 1995	September 1995
United States	41.9	\$12.47	\$522.49	5.9	5.4
Michigan	44.8	16.39	734.27	6.0	4.6
West Michigan MSAs:					
Benton Harbor	42.8	11.56	494.77	5.4	4.6
Grand Rapids-Muskegon-Holland	41.6	13.91	578.66	4.5	3.8
Kalamazoo-Battle Creek	44.9	14.79	664.07	5.0	4.5
Other labor market areas:					
Ann Arbor	44.6	16.87	752.40	4.9	3.5
Detroit	45.5	17.73	806.71	6.3	4.5
Flint	48.3	21.73	1,049.56	7.6	5.7
Jackson	41.5	12.48	517.92	5.6	4.7
Lansing-E. Lansing	46.1	18.05	832.10	4.8	3.4
Saginaw-Bay City-Midland	47.7	18.59	886.74	5.3	4.7
Upper Peninsula	41.2	11.89	489.87	6.2	5.9

SOURCE: U.S. Department of Labor and the Michigan Employment Security Commission (most recent benchmark).

a. Preliminary. Earnings include overtime and part-time wages.

b. Seasonally adjusted rate for U.S. was 5.7 percent in July 1995 and 5.6 percent in September 1995. Seasonally adjusted rate for Michigan was 5.1 percent in July 1995 and 4.8 percent in September 1995.

**Table A-3**  
**Components of the Index of Leading Indicators**

MSA	Annual averages (Selected years)						Quarters adjusted for seasonal variations				
	1984	1989	1991	1992	1993	1994	1994		1995		
							III	IV	I	II	III
Benton Harbor	125	110	100	112	119	133	136	141	132	124	123
Grand Rapids-Muskegon-Holland	117	112	100	106	114	125	127	129	123	117	112
Kalamazoo-Battle Creek	114	109	100	106	110	124	126	130	120	112	108
West Michigan, 3 MSAs	115	111	100	106	113	124	127	129	122	116	112
Michigan	116	112	100	106	112	126	129	131	125	118	113
<b>1. Average Weekly Hours of Production Workers</b>											
MSA	Annual averages (Selected years)						Quarters adjusted for seasonal variations				
	1984	1989	1991	1992	1993	1994	1994		1995		
							III	IV	I	II	III
Benton Harbor	42.3	42.9	40.7	41.8	43.2	43.5	43.9	43.9	44.4	42.1	41.8
Grand Rapids-Muskegon-Holland	41.9	41.4	40.0	40.5	42.3	42.8	43.0	42.8	42.3	41.6	41.6
Kalamazoo-Battle Creek	42.6	42.9	42.3	42.6	43.7	44.3	43.9	44.5	44.3	42.6	43.8
West Michigan, 3 MSAs	42.1	41.9	40.7	41.1	42.7	43.2	43.2	43.3	43.0	41.9	42.1
Michigan	43.2	42.9	41.5	41.8	43.1	44.9	45.0	45.5	45.1	43.8	44.1
United States	40.7	40.9	40.6	41.1	41.4	42.0	42.1	42.2	41.9	41.3	41.5
<b>2. Initial Claims for Unemployment Insurance (Average per week)</b>											
MSA	Annual averages (Selected years)						Quarters adjusted for seasonal variations				
	1984	1989	1991	1992	1993	1994	1994		1995		
							III	IV	I	II	III
Benton Harbor	195	294	347	295	209	182	176	159	179	182	191
Grand Rapids-Muskegon-Holland	1,327	1,432	1,958	1,802	1,290	1,143	1,102	1,044	1,133	1,165	1,337
Kalamazoo-Battle Creek	668	665	781	747	601	579	550	547	598	601	700
West Michigan, 3 MSAs	2,193	2,391	3,087	2,847	2,101	1,905	1,833	1,750	1,908	1,946	2,236
Michigan	16,517	17,573	26,490	23,941	16,695	12,934	12,311	11,912	13,801	14,402	15,964
United States	364,750	317,220	443,270	422,090	368,130	338,610	332,840	327,350	337,300	345,690	357,640
<b>3. New Dwelling Units - Put Under Contract</b>											
MSA	Annual averages (Selected years)						Quarters adjusted for seasonal variations				
	1984	1989	1991	1992	1993	1994	1994		1995		
							III	IV	I	II	III
Benton Harbor	375	384	391	595	508	533	491	478	424	479	766
Grand Rapids-Muskegon-Holland	3,541	5,755	4,379	4,303	4,516	4,861	4,821	3,915	4,207	4,629	5,118
Kalamazoo-Battle Creek	1,277	1,866	1,146	1,432	1,259	2,571	2,649	2,984	1,550	1,317	1,528
West Michigan, 3 MSAs	5,197	7,996	5,918	6,338	6,279	7,978	8,021	7,254	6,213	6,488	7,436
Michigan	31,044	43,764	36,005	37,874	37,359	39,625	39,402	38,072	37,395	39,268	39,396
<b>4. National Association of Purchasing Management Survey (Selected components indexed)<sup>a</sup></b>											
Component	Annual averages (Selected years)						Quarters adjusted for seasonal variations				
	1984	1989	1991	1992	1993	1994	1994		1995		
							III	IV	I	II	III
New orders	114	100	102	116	114	125	129	121	109	95	101
Change in inventories	103	91	80	88	90	92	91	93	93	88	88
Vendor performance	115	105	95	100	104	120	123	129	119	108	102
Changes in material prices	123	106	88	100	104	145	155	170	161	139	107

SOURCE: National index from U.S. Department of Commerce, all others from the W. E. Upjohn Institute. Average weekly hours and initial claims based on information from Michigan Employment Security Commission; number of housing units put under contract, F.W. Dodge Division, McGraw Hill Information Systems Company; survey data from the National Association of Purchasing Management. Seasonal adjustments by the Institute.

a. Survey results shown here are based on percent reporting conditions favorable to economic growth minus percent reporting conditions unfavorable to economic growth plus 100.



**Table A-4**  
**Employment Data for West Michigan MSAs and Michigan**  
(thousands of jobs - by place of work)

<b>Total Employment<sup>a</sup></b>											
<b>MSA</b>	<b>Annual averages (Selected years)</b>						<b>Quarters adjusted for seasonal variations</b>				
	<b>1984</b>	<b>1989</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1994</b>		<b>1995</b>		
							<b>III</b>	<b>IV</b>	<b>I</b>	<b>II</b>	<b>III</b>
Benton Harbor	57.7	67.0	66.0	66.6	67.1	69.2	69.5	70.5	70.7	70.9	70.5
Grand Rapids-Muskegon-Holland	355.6	437.8	445.5	453.6	465.3	490.9	492.8	497.9	502.8	505.5	506.3
Grand Rapids	283.2	350.6	358.8	363.1	371.2	393.5	397.2	401.4	405.7	408.0	408.5
Muskegon	53.6	59.1	57.6	56.8	56.4	61.0	61.1	61.6	62.2	62.5	63.0
Kalamazoo-Battle Creek	161.9	190.4	187.6	195.4	195.1	199.9	200.3	202.3	203.2	203.1	203.1
Kalamazoo	94.7	113.6	113.4	114.6	116.3	117.7	118.1	119.4	120.3	120.3	120.5
Battle Creek	52.9	59.7	59.3	59.9	60.7	63.7	63.8	64.3	64.3	64.1	63.9
West Michigan, 3 MSAs	575.2	695.2	699.3	713.2	727.8	760.0	762.6	770.5	776.9	779.5	779.9
Michigan	3,370.3	3,911.5	3,881.1	3,918.2	3,973.9	4,132.9	4,142.9	4,190.4	4,231.9	4,239.9	4,232.0
<b>Goods-Producing Employment<sup>b</sup></b>											
<b>MSA</b>	<b>Annual averages (Selected years)</b>						<b>Quarters adjusted for seasonal variations</b>				
	<b>1984</b>	<b>1989</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1994</b>		<b>1995</b>		
							<b>III</b>	<b>IV</b>	<b>I</b>	<b>II</b>	<b>III</b>
Benton Harbor	21.3	24.1	22.4	22.0	21.9	22.4	22.6	23.1	23.1	23.2	22.9
Grand Rapids-Muskegon-Holland	134.7	154.9	149.1	150.4	154.0	163.7	164.5	167.0	170.2	171.6	171.5
Grand Rapids	105.5	119.5	115.6	115.2	117.3	129.0	129.6	131.7	134.4	134.4	134.0
Muskegon	20.4	19.3	18.1	17.2	16.7	19.0	19.0	19.3	19.6	19.7	19.8
Kalamazoo-Battle Creek	51.5	57.8	54.1	55.7	55.8	56.7	56.9	57.6	57.8	57.7	57.3
Kalamazoo	30.9	34.6	31.8	32.1	31.9	33.8	34.0	34.4	34.6	34.6	34.4
Battle Creek	16.2	18.5	17.9	18.0	18.2	19.8	19.9	20.1	20.0	20.0	19.8
West Michigan, 3 MSAs	207.5	236.8	225.6	228.2	231.7	242.9	244.1	247.6	251.1	252.4	251.7
Michigan	1,055.2	1,111.0	1,026.2	1,029.2	1,034.4	1,092.7	1,095.8	1,116.9	1,132.6	1,134.3	1,122.5
<b>Private Service-Producing Employment<sup>c</sup></b>											
<b>MSA</b>	<b>Annual averages (Selected years)</b>						<b>Quarters adjusted for seasonal variations</b>				
	<b>1984</b>	<b>1989</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1994</b>		<b>1995</b>		
							<b>III</b>	<b>IV</b>	<b>I</b>	<b>II</b>	<b>III</b>
Benton Harbor	28.4	34.2	34.6	35.5	36.0	37.8	37.9	38.5	38.8	38.8	38.9
Grand Rapids-Muskegon-Holland	180.9	236.1	247.6	253.0	260.9	276.0	276.9	279.4	280.9	282.0	283.1
Grand Rapids	149.0	197.8	208.1	211.5	216.8	230.3	231.1	233.3	234.6	236.5	237.1
Muskegon	25.2	30.2	30.1	30.1	30.3	32.5	32.6	32.8	33.0	33.3	33.5
Kalamazoo-Battle Creek	80.3	98.9	100.7	103.7	105.5	109.6	109.7	111.0	111.5	111.5	112.1
Kalamazoo	48.7	61.4	63.5	64.7	65.0	65.6	65.7	66.6	67.0	67.0	67.5
Battle Creek	25.5	29.6	30.3	30.4	30.9	32.5	32.6	32.9	32.9	32.9	33.0
West Michigan, 3 MSAs	289.6	369.3	382.9	392.2	402.3	423.4	424.4	428.8	431.3	432.3	434.0
Michigan	1,747.9	2,177.3	2,219.2	2,250.1	2,299.8	2,401.0	2,407.7	2,430.4	2,458.1	2,461.6	2,467.8
<b>Government Employment</b>											
<b>MSA</b>	<b>Annual averages (Selected years)</b>						<b>Quarters adjusted for seasonal variations</b>				
	<b>1984</b>	<b>1989</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1994</b>		<b>1995</b>		
							<b>III</b>	<b>IV</b>	<b>I</b>	<b>II</b>	<b>III</b>
Benton Harbor	8.0	8.7	8.9	9.1	9.2	8.9	9.0	8.9	8.9	8.9	8.8
Grand Rapids-Muskegon-Holland	39.9	46.8	48.9	50.1	50.5	51.2	51.4	51.5	51.7	51.9	51.7
Grand Rapids	28.7	33.4	35.2	36.4	37.2	36.3	36.5	36.5	36.7	36.9	37.4
Muskegon	7.9	9.5	9.5	9.6	9.4	9.5	9.5	9.6	9.6	9.6	9.7
Kalamazoo-Battle Creek	30.1	33.7	32.7	33.6	34.1	33.6	33.7	33.5	33.9	34.0	33.7
Kalamazoo	15.1	17.6	18.1	17.9	18.3	18.4	18.4	18.4	18.6	18.7	18.6
Battle Creek	11.2	11.6	11.2	11.4	11.3	11.4	11.4	11.4	11.3	11.2	11.1
West Michigan, 3 MSAs	78.0	89.2	90.9	92.8	93.7	93.8	94.1	94.1	94.6	94.8	94.2
Michigan	567.2	623.2	635.7	638.9	639.7	639.2	639.4	643.0	641.1	644.0	641.7

SOURCE: MESC except for the smaller areas of Battle Creek, Kalamazoo, Grand Rapids (Kent and Ottawa Counties), and Muskegon, which are estimated by the Upjohn Institute

NOTE: Annual Employment Statistics are adjusted to reflect MESC's final average annual employment figures. Quarterly estimates are subject to change due to the addition of current quarter employment estimates.

a. Components may not add to totals because of rounding.

b. Manufacturing and construction and mining.

c. Transportation and public utilities, wholesale trade, retail trade, finance, insurance and real estate, and services.

**Table A-5**  
**Personal Income and Earnings by Industry**  
(\$000 current dollars)

Area	Income distribution	1989	1990	1991	1992	1993	1994
<b>Benton Harbor MSA</b> (Berrien County)	Total personal income	2,472,352	2,579,301	2,670,395	2,836,260	3,017,919	3,185,370
	Per capita income <sup>a</sup>	15,353	15,985	16,553	17,566	18,660	19,159
	Earnings by industry						
	Total nonfarm	1,671,649	1,747,393	1,781,154	1,912,260	2,050,568	2,180,400
	Private sector	1,473,377	1,534,787	1,557,193	1,673,821	1,805,418	1,930,000
	Manufacturing	667,283	686,945	691,506	743,239	828,220	829,100
	Government	198,272	212,606	223,961	238,439	245,150	250,400
<b>Grand Rapids-Muskegon-</b> <b>Holland MSA</b>	Total personal income	15,317,832	16,308,185	17,165,985	18,249,066	19,545,092	20,944,500
	Per capita income <sup>a</sup>	16,519	17,320	17,987	18,924	20,062	21,050
	Earnings by industry						
	Total nonfarm	11,930,817	12,645,925	12,983,903	13,953,528	14,871,047	16,109,200
	Private sector	10,793,373	11,389,581	11,634,016	12,518,701	13,334,952	14,486,900
	Manufacturing	4,497,699	4,637,643	4,725,631	5,000,153	5,337,339	5,751,200
	Government	1,137,444	1,256,344	1,349,887	1,434,827	1,536,095	1,622,200
Grand Rapids-Holland (Kent and Ottawa Counties)	Total personal income	11,673,424	12,521,955	13,159,529	14,004,078	15,178,611	16,289,500
	Per capita income <sup>a</sup>	17,325	18,239	18,893	19,883	21,200	22,140
	Earnings by industry						
	Total nonfarm	9,711,912	10,320,684	10,588,426	11,393,011	12,167,946	13,205,400
	Private sector	8,887,704	9,404,263	9,598,649	10,341,605	11,031,682	12,019,300
	Manufacturing	3,506,565	3,627,728	3,685,724	3,905,246	4,212,343	4,558,600
	Government	824,208	916,421	989,777	1,051,406	1,136,264	1,186,100
Muskegon County	Total personal income	2,199,306	2,298,550	2,411,656	2,541,620	2,643,604	2,805,800
	Per capita income <sup>a</sup>	13,906	14,427	15,005	15,691	16,239	17,255
	Earnings by industry						
	Total nonfarm	1,510,622	1,569,447	1,577,318	1,674,225	1,727,039	1,857,900
	Private sector	1,283,465	1,324,543	1,319,602	1,400,828	1,443,867	1,568,200
	Manufacturing	585,126	581,851	577,103	601,956	589,494	640,200
	Government	227,157	244,904	257,716	273,397	283,172	289,737
<b>Kalamazoo-Battle Creek MSA</b>	Total personal income	7,063,766	7,374,041	7,757,529	8,200,475	8,599,518	9,090,940
	Per capita income <sup>a</sup>	16,541	17,137	17,918	18,793	19,538	20,464
	Earnings by industry						
	Total nonfarm	5,276,541	5,481,308	5,745,442	6,127,598	6,421,484	6,804,600
	Private sector	4,457,299	4,617,618	4,833,335	5,170,017	5,426,675	5,769,800
	Manufacturing	1,951,976	2,001,240	2,071,936	2,199,947	2,245,906	2,375,800
	Government	819,242	863,690	912,107	957,581	994,809	1,034,800
Kalamazoo County	Total personal income	4,033,813	4,191,166	4,396,251	4,628,287	4,850,830	5,157,300
	Per capita income <sup>a</sup>	18,165	18,737	19,608	20,511	21,296	22,350
	Earnings by industry						
	Total nonfarm	3,210,426	3,311,457	3,460,981	3,657,829	3,844,384	4,106,700
	Private sector	2,797,634	2,871,784	2,989,171	3,165,618	3,337,545	3,572,100
	Manufacturing	1,220,261	1,236,394	1,269,646	1,302,635	1,318,229	1,406,100
	Government	412,792	439,673	471,810	492,211	506,839	534,600
Battle Creek Area (Calhoun County)	Total personal income	2,099,053	2,205,194	2,328,809	2,475,355	2,574,830	2,686,400
	Per capita income <sup>a</sup>	15,483	16,176	16,939	17,888	18,510	19,223
	Earnings by industry						
	Total nonfarm	1,652,213	1,731,877	1,824,678	1,969,234	2,030,050	2,112,800
	Private sector	1,337,531	1,405,818	1,489,379	1,615,440	1,661,740	1,737,900
	Manufacturing	622,026	645,548	677,301	752,191	767,411	796,500
	Government	314,682	326,059	335,299	353,794	368,310	374,900

SOURCE: Bureau of Economic Analysis, 1989 to 1993; W. E. Upjohn Institute estimates, 1994.

a. Per capita income is in actual dollars.



**Table A-6**  
**Consumer Price Index**

Consumer Price Index (CPI), U.S. City Average (1982-84=100)													
Annual		Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Year	Avg.												
CPI for All Urban Consumers (CPI-U)													
1984	103.9	101.9	102.4	102.6	103.1	103.4	103.7	104.1	104.5	105.0	105.3	105.3	105.3
1985	107.6	105.5	106.0	106.4	106.9	107.3	107.6	107.8	108.0	108.3	108.7	109.0	109.3
1986	109.6	109.6	109.3	108.8	108.6	108.9	109.5	109.5	109.7	110.2	110.3	110.4	110.5
1987	113.6	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	118.3	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	124.0	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	130.7	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	136.2	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	140.3	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	144.5	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	148.2	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	...	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	...	...	...
CPI for Urban Wage Earners and Clerical Workers (CPI-W)													
1984	103.3	101.6	101.8	101.8	102.1	102.5	102.8	103.2	104.2	104.8	104.8	104.7	104.8
1985	106.9	104.9	105.4	105.9	106.3	106.7	107.0	107.1	107.3	107.6	107.9	108.3	108.6
1986	108.6	108.9	108.5	107.9	107.6	107.9	108.4	108.4	108.6	109.1	109.1	109.2	109.3
1987	112.5	110.0	110.5	111.0	111.6	111.9	112.4	112.7	113.3	113.8	114.1	114.3	114.2
1988	117.0	114.5	114.7	115.2	115.7	116.2	116.7	117.2	117.7	118.5	118.9	119.0	119.2
1989	122.6	119.7	120.2	120.8	121.8	122.5	122.8	123.2	123.2	123.6	124.2	124.4	124.6
1990	129.0	125.9	126.4	127.1	127.3	127.5	128.3	128.7	129.9	131.1	131.9	132.2	132.2
1991	134.3	132.8	132.8	133.0	133.3	133.8	134.1	134.3	134.6	135.2	135.4	135.8	135.9
1992	138.2	136.0	136.4	137.0	137.3	137.6	138.1	138.4	138.8	139.1	139.6	139.8	139.8
1993	142.1	140.3	140.7	141.1	141.6	141.9	142.0	142.1	142.4	142.6	143.3	143.4	143.3
1994	145.6	143.6	144.0	144.4	144.7	144.9	145.4	145.8	146.5	146.9	147.0	147.3	147.2
1995	...	147.8	148.3	148.7	149.3	149.6	149.9	149.9	150.2	150.6	...	...	...

SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

NOTE: Monthly data are shown above unadjusted for seasonal variations. Unadjusted CPI data are used extensively for escalation purposes. Although the CPI is often called the "Cost-of-Living Index," it measures only price change, which is just one of several important factors affecting living costs. All CPI series are linked historically to the original CPI Index for Urban Wage Earners and Clerical Workers.

These series contain no revision but are reprinted for the convenience of the user.

PERCENT CHANGE: Movements of these indexes from one time period to another are usually expressed as percent changes rather than changes in index points. Index point changes are affected by the level of the index in relation to its base period while percent changes are not. Examples of computation follow:

$$\frac{100 \times (108.6 \text{ (1986 annual avg.)} - 106.9 \text{ (1985 annual avg.)})}{106.9 \text{ (1985 annual avg.)}} = 1.6\% \text{ change 1985 to 1986, CPI-W.}$$

$$\frac{100 \times (109.3 \text{ (1986 December)} - 108.6 \text{ (1985 December)})}{108.6 \text{ (1985 December)}} = 0.6\% \text{ change December 1985 to December 1986, CPI-W.}$$

$$\frac{100 \times (110.0 \text{ (1987 January)} - 109.3 \text{ (1986 December)})}{109.3 \text{ (1986 December)}} = 0.6\% \text{ change December 1986 CPI-W to January 1987, CPI-W.}$$

**Table A-7**  
**Sales of Existing Homes**

Note: Numbers have not been updated from previous quarter due to lack of data.

Area	Number of sales Second quarter			Average sales price Second quarter		
	1995 <sup>a</sup>	1994	Percent change	1995	1994	Percent change
Battle Creek Area	335	384	-12.8	\$69,102	\$73,313	-5.7
Berrien County Area	656	785	-16.4	90,517	86,102	5.1
Grand Rapids Area	2,580	2,619	-1.5	93,407	90,993	2.7
Holland Area	444	459	-3.3	106,021	99,300	6.8
Kalamazoo Area	1,251	1,414	-11.5	95,561	89,470	6.8
Muskegon Area	410	492	-16.7	72,292	69,396	4.2
Michigan <sup>b</sup>	16,378	18,067	-9.3	150,947	142,579	5.9

SOURCE: Michigan Association of Realtors and the Muskegon Board of Realtors.

a. Second-quarter figures are estimates based on April and May data.

b. State total for January-May period only. As of January 1995, state total has increased from 19 to 26 areas reporting.

**Table A-8**  
**Population and Income Update for Selected Areas**

Area	1994	1992	1990	1980	Annual percent change	
					1990-1994	1980-1990
Michigan	9,496,147	9,423,247	9,295,297	9,262,078	0.5	0.0
West Michigan Metropolitan Areas:						
Benton Harbor MSA	161,734	161,466	161,378	171,276	0.1	-0.6
Grand Rapids-Muskegon-Holland MSA	984,977	964,352	937,891	840,824	1.2	1.1
Kent County	520,123	511,997	500,631	444,506	1.0	1.2
Ottawa County	205,333	197,297	187,768	157,174	2.3	1.8
Muskegon County	163,436	161,980	158,983	157,589	0.7	0.1
Allegan County	96,085	93,078	90,509	81,555	1.5	1.0
Kalamazoo-Battle Creek MSA	442,635	436,278	429,453	420,771	0.8	0.2
Kalamazoo County	228,796	225,648	223,411	212,378	0.6	0.5
Calhoun County	139,991	138,381	135,982	141,579	0.7	-0.4
Van Buren County	73,848	72,249	70,060	66,814	1.3	0.5
Total	1,589,346	1,562,096	1,528,722	1,432,871	1.0	0.6
Rural Southwest Michigan:						
Barry County	52,231	51,196	50,057	45,781	1.1	0.9
Branch County	41,990	41,871	41,502	40,188	0.3	0.3
Cass County	48,920	49,112	49,477	49,499	-0.3	0.0
Newaygo County	42,738	40,722	38,206	34,917	2.8	0.9
Oceana County	23,493	22,943	22,454	22,002	1.1	0.2
St. Joseph County	59,999	59,355	58,913	56,083	0.5	0.5
Total	269,371	265,199	260,609	248,470	0.8	0.5

SOURCE: State of Michigan Department of Management and Budget and U.S. Bureau of the Census.



## **Data Sources for Business Outlook**

### **NATIONAL ECONOMY**

#### **Output**

Gross Domestic Product—*Survey of Current Business*

Cyclical Economic Indicators—National Association of Purchasing Management *News Release*, and U.S. Department of Commerce *News*

Change in Nonfarm Business Inventories and Percent Change in the Ratio of Inventories to Final Sales of Goods and Structures—*Survey of Current Business*

#### **Labor**

Nonfarm Employment and Change in Average Weekly Hours—*Employment and Earnings*

Productivity and Unit Labor Costs—*Monthly Labor Review*

Unemployment Rates and Initial Claims—*Economic Indicators*

#### **Inflation and Interest Rates**

Price Indexes—National Association of Purchasing Management *News Release*, CPI *Detailed Report*, and PPI *Detailed Report*

Short-Term Capital Rates—*Federal Reserve Bulletin* and *Economic Indicators*

Long-Term Capital Rates—*Federal Reserve Bulletin* and *Economic Indicators*

Yield Curves—*The Wall Street Journal*

#### **Consumer Spending**

Growth in Consumer Spending—*Survey of Current Business*

Consumer Debt—*Economic Indicators*

Motor Vehicle Sales—U.S. Department of Commerce

#### **Investment**

New Residential, Commercial, and Industrial Construction—*Economic Indicators*

Plant and Equipment Expenditures—*Survey of Current Business*

Nonresidential Investment Composition—*Survey of Current Business*

#### **International Trade**

U.S. Trade in Goods and Services—*Survey of Current Business*

International Industrial Production—*Economic Indicators*

Trade-Weighted Dollar—*Federal Reserve Bulletin*

### **MICHIGAN ECONOMY**

Percent Change in Total Employment—*Employment and Earnings*

Manufacturing Employment and Earnings—*Employment and Earnings*

Unemployment Rates Relative to the Nation—*Employment and Earnings*

Michigan Motor Vehicle Production—*Michigan Economic Indicators*

Percentage Change in Retail Sales—*Monthly Retail Trade*

### **WEST MICHIGAN ECONOMY**

West Michigan Residential Construction Trends—*Dodge Construction Reports*

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